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ABSTRACT

Designed to help school administrators improve the efficiency of pupil transportation programs and control costs, this guide provides detailed guidance on how to collect and analyze costs, assess the effects of service levels and policies, and develop and administer a pupil transportation contract. Following an introductory chapter, part I consists of four chapters devoted to identifying and analyzing costs. Specifically, chapters discuss cost categories, cost allocation principles, the characteristics of pupil transportation services affecting quality and cost of service, and performance measures to improve program quality. The three chapters of part II identify and review service options, examine alternative service delivery systems, and describe the effects of changing provision systems and ways to compare various service options. Part III, containing detailed examples of documents used in the procurement process for securing contractors, provides a sample request for bid/proposal, describes the contract award process and evaluation procedures, and includes the text of a model contract agreement. Appendices list project advisory committee members and local education agencies visited and provide forms and guidance for depreciating capital assets, understanding supplementary and alternative contract terms, and performing cost allocations. Several exhibits relevant to California's pupil transportation program are displayed throughout the document. (MLH)

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PUPIL TRANSPORTATION GUIDE:

Cost Analysis, Service Options, and Contract Administration

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Field Services Branch
California Department of Education

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Preface

Each day more than one million children and youth ride school buses in California. School districts provide this service to ensure that these pupils can attend school. Without this service, many pupils would not have regular access to school programs and services. Providing transportation services for California's pupils costs over $700 million each year. A concern of school district policymakers is to ensure that pupil transportation services are provided in ways that support educational programs. In doing this they also must make difficult budget choices, because districts cannot always fund desirable activities and programs. For this reason, districts of all sizes need to carefully examine their expenditure plans. Policymakers need to realize that all increases in transportation costs cannot be passed on to the state or to the federal government but must be paid for with local funds.

We designed this *Pupil Transportation Guide* to help district administrators improve the efficiency of pupil transportation programs and control costs. The *Guide* focuses on two concerns facing school districts: (1) identifying the types of pupil transportation services and computing the costs of providing those services; and (2) contracting with another public agency or a private contractor to provide such services. The *Guide* contains procedures and tools that can be used by program managers, district policymakers, and others responsible for district programs. One of its purposes is to improve the accuracy of cost reporting, which enables managers to perform objective cost comparisons. As districts develop consistent information, cost performance comparisons become more useful indicators of efficiency.

Recently, the California Department of Education also developed *A Self-Assessment Guide for School District Fiscal Policy Teams: Pupil Transportation Services*. This publication provides an overview of the requirements for operating a pupil transportation program, along with suggested goals and standards. The *Self-Assessment Guide* is not intended to serve as a handbook for program managers interested in reviewing in detail their district operations. Its audience is the Fiscal Policy Team—usually consisting of the superintendent, a member of the governing board, the chief business official, and the director of transportation.

Valuable assistance in developing this publication was provided by the following members of the Project Advisory Committee: Chuck Baker of the California Highway Patrol, Charles Devlin and Sara Bates of the Office of the Los Angeles County Superintendent of Schools, John Edney of Durham Transportation Services, Ron Kinney of the Department's School Transportation Unit, Connie Lentz of the Mid-Placer Public Schools Transportation Agency, and Steve Puckett of the Cottonwood Union Elementary School District. Robert O'Neill and Jeff Myers of the Sacramento office of KPMG Peat Marwick conducted field interviews, analyzed contractual requirements, and prepared the contents of the *Guide*. Carl Treseder and Doug Clark of the Department's Office of Financial Management Practices and Standards served as project managers for the Department. Donna Salaj of the Contracts Unit and Joanne Lowe of the Legal office provided advice in matters relating to administrative and contract requirements. Staff of the Bureau of Publications made many valuable suggestions for improved presentation of the information developed by our consultants, KPMG Peat Marwick.

We thank the many school district managers whose suggestions and assistance made this publication possible and trust that they will find the *Guide* helpful in their pursuit of our shared goal, school improvement.

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OVERVIEW

In 1987 the California Department of Education began an effort to help local educational agencies (LEAs) focus energy and resources on improving the management of district operations. There are three elements of this effort: providing staff development and training, developing self-assessment guides for local use, and publishing guides on managing business support services. During 1989 a working group was formed to assist the Department in developing an informational document on pupil transportation. In June, 1989, a contractor was hired to undertake a systematic review of available information and to prepare a report that would address these concerns:

- *How can districts best identify and analyze the costs of operating a pupil transportation program in such a way as to permit accurate, useful performance comparisons?*
- *How should districts analyze the advantages and disadvantages of alternative means of organizing and providing pupil transportation services?*
- *How should districts that have decided to contract for services develop and administer a contract?*

From these efforts there emerged this new Department publication, which is intended for use by individual districts and offices of county superintendents of schools. It contains detailed guidance on how to collect and analyze costs, assess the effects of service levels and policies, and how to develop and administer a contract for the provision of pupil transportation. Each of the three parts of this document focuses on one of the above concerns.

This publication is a tool—not a prescription. Its purpose is to help local policymakers and administrators assess their situation and consider options systematically in light of local program and fiscal priorities.

Staff from the Department's Fiscal Oversight and Management Assistance Division and the Local Assistance Bureau's School Transportation Unit worked closely with the project contractor, the Sacramento Office of KPMG Peat Marwick, and representatives from other public agencies on the Project Advisory Committee to prepare and review this guide.

CONTENTS OF PART I—IDENTIFYING AND ANALYZING COSTS

Chapter One provides an introduction to the purposes and development of this publication and includes a brief survey of pupil transportation activities in California.

Chapter Two presents suggested cost categories for school transportation programs along with guidelines for defining related costs. These costs are separated by classification:

- Direct cost by route or type of service (variable)
- Direct cost to transportation department (variable)
- Overhead cost to transportation department (fixed)
- Indirect cost to the local educational agency (fixed and allocated)

Detailed descriptions of cost categories for use in tracking these classifications of costs are provided together with a rationale for their use.

Chapter Three includes a short introduction to the principles of cost allocation, designed to help managers understand how to use the cost categories identified earlier. A cost allocation work sheet, which can serve as a model for local use, is provided.

Chapter Four focuses on the characteristics of pupil transportation services that have an effect on quality and cost of service. These include determinations involving walking distances, bell schedules, time spent by pupils riding the bus, location of pickup points, safety factors, and ease of making changes in patterns of service.

Chapter Five describes performance measures that can be used as tools for improving program quality. These measures can be used both by direct service and by contract operations, although not all measures apply to all organizations. (Some are more suited for use by managers of larger programs.) These measures include:

- General performance measure (e.g., vehicle capacity used)

- Safety-related measures (e.g., motor vehicle accidents)

- Personnel-related measures (e.g., absence rate)
- Equipment-related measures (e.g., roadway breakdown rate)
- Cost measures (e.g., cost per pupil mile)

The chapter includes suggestions for collecting this information and hints for managers in making effective use of the results they obtain.

CONTENTS OF PART II
IDENTIFYING AND REVIEWING SERVICE OPTIONS

Chapter Six is designed to help managers examine alternative ways of organizing and delivering service. The purpose of such analysis is to identify how to improve efficiency and increase effectiveness of pupil transportation services. Not every type of service needs to be organized in the same manner, even within a local educational agency (LEA); in fact, there may be sound reasons for treating various types of service differently.

Each of the four commonly recognized types of pupil transportation service—regular home-to-school, special education, extracurricular, and desegregation—possesses what we have termed *attributes* or *facets of service*. These attributes include:

- Management, operations, and dispatch
- Maintenance
- Routing and scheduling
- Driver training
- Vehicle ownership
- Terminal facility ownership
- Transportation liaison to public, parents, and school

Each local organization needs to review the manner it has chosen to accomplish these responsibilities. The choices are numerous. In practice, while a large number of districts choose to be directly responsible for all facets, many elect to contract with private businesses or other public agencies for one, several, or the majority of these attributes. Even in cases where contractors supply vehicles, maintenance, and the terminal facility, districts typically find it prudent to retain direct responsibility for routing and scheduling and for liaison with the public.

Districts have considerable latitude in selecting a provider for their pupil transportation services. Chapter Six includes a discussion of the characteristics of each of the following types of provider arrangements:

- Direct service by the LEA
- Contract with another LEA (bilateral interagency agreement)
- Transportation cooperative/consortium (multilateral interagency agreement)
- Transportation joint powers agreement (special public agency)
- Contract service from a private transportation company
- In-lieu payments to parents
- Common carrier/public transit
- Do not organize or provide transportation

Each of these types of arrangements is in use today in California. Many LEAs provide service through several providers, depending on the type of service and geographic conditions. The critical issue for local policymakers is to determine the most advantageous means of providing service in the local service area. This decision must be based on prevailing conditions and the choice of available public and private service providers, including but not limited to the district itself. Each alternative has distinct advantages and is described in detail. Key considerations include the following:

- Accountability
- Flexibility
- Cost
- Effectiveness and service quality
- Liability
- Management attention from the LEA

Chapter Seven discusses issues that arise when a district changes its method of providing pupil transportation. For example, should a district elect to discontinue providing direct service and instead enter into a joint powers agency agreement or contract with a private vendor, the status of the district's employees, equipment, and facilities will be affected. In such cases transition issues fall into three principal categories: labor relations, capital goods (e.g., buses and terminal facilities), and changes in liability. Under these circumstances, policymakers should be prepared to address the following issues, which will be of concern to employees, their labor organizations, and district management:

- Provisions for employment with any new service provider
- Severance pay and layoff notice periods
- Provision for continuance of fringe benefits
- Changes in work rules
- Changes in wages and benefits

Often, some of these issues are addressed in existing labor agreements; however, these issues are subject to negotiation at the local level under existing law. Each LEA should consult legal counsel as to its authority and responsibilities in these matters, should questions arise.

The decision to dispose of or retain a bus fleet is a critical one. Once a district has disposed of its buses (for example, after awarding a contract for service to a private vendor), it may prove difficult and costly to reacquire the equipment.

Chapter Eight provides guidance on making comparisons between various options for service. Such comparisons require care to ensure that the costs being compared involve comparable levels of service and take into account only *avoidable* costs. The key to arriving at a sound analysis involves careful application of the following criterion:

> **If the LEA stops providing its own pupil transportation services and relies on an alternative provider, will a given cost continue?**

A work sheet is provided to assist in performing this analysis. In practice, this analysis will require judgment. And while decisions will not be made on the basis of cost alone, any decision to change the method of service provision should include a thorough and accurate assessment of costs. For example, the decision to contract will eliminate some existing costs (e.g., mechanics' salaries and benefits) but will also create new categories of costs (e.g., contract administration).

Another important consideration involves the size of the local market for school transportation services: how many alternative providers are willing, qualified, and able to provide the desired service?

CONTENTS OF PART III—MODEL CONTRACT AND RELATED DOCUMENTS

Part III of this guide contains detailed examples of documents districts can use in the procurement process to solicit contractors and to develop a contract with the successful bidder. (A copy of these documents is provided on an enclosed diskette for use by interested parties.)

The materials provided in these chapters are intended only as a guide. Districts are encouraged to adapt them for local use, as they see fit. The Department makes no requirement that these materials be used, either now or in the future.

Chapter Nine contains a sample Request for Bid/Proposal, together with advice and suggestions for tailoring it to local requirements. The chapter also includes the following:

- Sample legal notice (for publication in newspapers)
- Information for proposers (requirements for service)
- Bid proposal questionnaire (capabilities of the bidder)
- Listing of program information needed by bidders (to be supplied by the LEA)

Chapter Ten deals with the contract award process and describes how districts should proceed in evaluating proposals received in order to select the vendor they deem best able to provide service. Included are suggestions for evaluating the contractors' facilities and bids. Local educational agencies must abide by the provisions of the *Public Contract Code* in these procurement decisions.

Chapter Eleven describes procedures recommended for contract administration and monitoring and stresses the importance of systematic performance measurement. In practice, the agency will have considerable discretion in discharging these functions. For this reason, a clear understanding of expectations by both parties is essential to a satisfactory contract relationship.

Chapter Twelve includes the complete text of a model contract agreement, with commentary on the advantages and disadvantages of various types of contract provisions that are in use for pupil transportation services. Included as major parts of the contract are General Provisions and Contractor's Obligations. The latter section should be reviewed carefully to ensure that local preferences and conditions are reflected prior to use. Topics under Contractor's Obligations include:

- Management
- Operations, routing, and scheduling
- School bus driver requirements
- School bus driver training requirements
- Ownership of vehicles
- Maintenance
- Facilities, equipment, and supplies
- Contractor's records and reporting requirements
- District's rights and responsibilities

A district should carefully review the complete text of any proposed contract documents with legal counsel before entering into any agreement with a contractor for the provision of pupil transportation services.

Included in Appendix D are additional contract provisions that may have application in limited circumstances.

While many agencies may not find it necessary to incorporate the full range of contract provisions provided in the model document, its comprehensive nature should ensure that the full range of contingencies is considered in the agreement. Doing so is in the best interest of both the district and the contractor.

Chapter 1
Introduction

Most local educational agencies (LEAs) in California offer pupil transportation services. Traditionally, this service has been offered for the convenience and safety of children who live at a distance from the school they attend. Frequently, LEAs offer other types of service as well, including transportation of special education students, transportation for purposes of desegregation, and transportation for extracurricular activities. LEAs recognize the importance of improving the quality and effectiveness of the services they offer. Because of budgetary pressures, LEAs seek to improve the cost-effectiveness of their pupil transportation services.

The Department developed this guide to assist LEAs in improving pupil transportation services. It is designed to assist LEAs in management and performance evaluation of pupil transportation services. Specifically, the purpose of this guide is to help LEA managers to:

- Identify and measure costs of pupil transportation services.
- Understand the nature of those costs.
- Understand the characteristics that govern their pupil transportation program.
- Identify and consider alternative methods of providing pupil transportation services.
- Contract for pupil transportation services if the governing board chooses to do so.

Chapter 1 describes how to use this guide, the structure of the document, and how the guide was developed. Also included is a brief overview of pupil transportation activities in California.

USES OF THIS GUIDE

This guide is intended for transportation directors, business services managers, and other LEA officials who are responsible for transporting pupils. We encourage use of the guide for the following purposes:

- *Analyzing the costs of transportation.* The guide provides suggestions and work sheets to enable accurate cost measurement. The guide suggests how costs should be allocated so that policymakers may compare pupil transportation service options. The guide identifies alternative policies and practices and identifies ways to reduce costs.

- *Identifying the characteristics and performance of pupil transportation services.* This will help managers to improve service or to determine that some service costs are not warranted.

- *Identifying alternative methods of service.* If an LEA does not provide its own transportation services, it may operate through a contract, consortium, or a joint power authority; however, it should first compare the feasibility of potential alternatives for providing pupil transportation services.

- *Developing, awarding, and administering contracts for transportation services.* Managers can adapt the model contract and model request for bid/proposal (RFP) and may choose to use some or all of the suggested contract administration practices.

The following topic guide is designed to help LEA administrators locate materials in this guide:

To Identify Costs and Assess Service

Administrator	Key chapters in guide
Transportation director	1—8
Business manager	1—3, 7, and 8
Assistant superintendent with authority over transportation	1, 4, 5, and 6
Superintendent	1 and 4

If a Decision Is Made to Contract for Services

Administrator	
Transportation director	9—12
Business manager	9—12
Assistant superintendent	9—12
Superintendent	11

FORMAT OF THIS GUIDE

Part I of this guide presents methods for analyzing existing transportation costs and services.

- Chapter 2 describes and defines transportation cost classes and categories and suggests sources of cost data.
- Chapter 3 describes how to allocate costs.
- Chapter 4 defines the characteristics of current service. These characteristics include service that is desirable, necessary, and affordable. The characteristics also help managers determine what to require of a contractor.
- Chapter 5 includes a discussion of the performance measures that can be used to improve existing service, resolve problems, or measure and evaluate pupil transportation services.

Part II of this guide should help LEA managers analyze options for providing pupil transportation services.

- Chapter 6 describes methods of providing pupil transportation services.
- Chapter 7 discusses concerns that may arise when the service provision method is changed.
- Chapter 8 includes guidelines and suggestions for comparing the costs of different methods of providing service.

Part III of this guide provides contracting guidelines for LEAs that choose to contract for service.

- Chapter 9 includes a model request for bid/proposal (RFP) package and suggestions for conducting the proposal process.
- Chapter 10 describes options for contract award methods and strategies.
- Chapter 11 includes suggestions for administering a contract and for monitoring the contractor.
- Finally, Chapter 12 includes a model contract, along with suggestions concerning its modification and use.

DEVELOPMENT OF THIS GUIDE

In early 1989 the California Department of Education's Office of Financial Management Practices and Standards (OFMPS) recognized that the LEAs needed help in identifying transportation costs, identifying options for the provision of pupil transportation services, and contracting for pupil transportation. Through a competitive procurement, the OFMPS subsequently selected KPMG Peat Marwick (Peat Marwick) in association with MWM, Inc./McElligott & Associates to prepare such a guide.

The OFMPS selected an advisory committee to assist in the guide's development. The Advisory Committee included representatives from: school districts, a pupil transportation joint powers authority, a county office of education, the Department of Education, the California Highway Patrol, the State Department of Finance, the Office of the Legislative Analyst, the California Association of School Bus Contractors, the California Association of School Business Officials, and the California Association of School Transportation Officials. The complete listing of Advisory Committee members is presented in Appendix A. The Committee met for five day-long sessions between August, 1989, and February, 1990, to assist the Department and the contractors.

In preparation of this guide, the project team reviewed relevant major studies and publications. As part of the development of this guide, the project team surveyed 105 small, medium, and large LEAs around the state. Members of the project team also visited 25 of the LEAs surveyed, to better understand the needs, concerns, and resources of managers in those LEAs. (The LEAs visited are listed in Appendix B.)

PUPIL TRANSPORTATION IN CALIFORNIA

California's diversity in topography, climate, and population density creates different requirements for transportation service across the more than 1,000 LEAs serving pupils in this state. This section is designed to acquaint the reader with the characteristics of that system.

- Pupil transportation service offered in California can be divided into four types:

  - Regular home-to-school transportation
  - Transportation for special education programs
  - Transportation for desegregation purposes
  - Transportation for extracurricular activities

  Some desegregation busing programs are court ordered; others are voluntary.

- In California each day approximately 970,000 pupils, out of a total revenue limit average daily attendance of approximately 4,520,000, are transported from home to school for various purposes. Just over 21 percent of all pupils in kindergarten and grades one through twelve are served.

Exhibit 1.1
Number of LEAs by Size of Transportation Operation

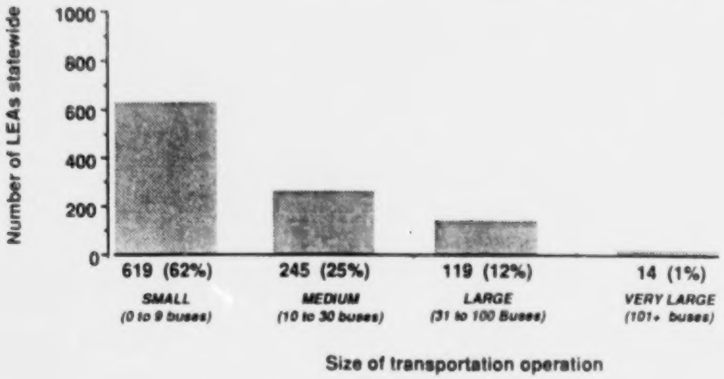
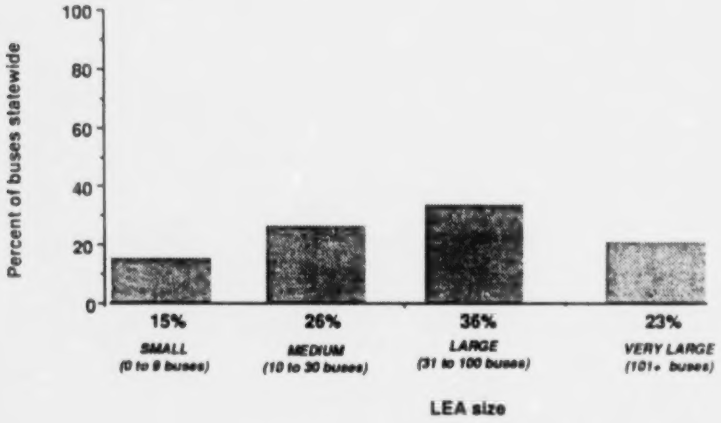


Exhibit 1.1 displays the range of sizes of LEA transportation programs, measured by the number of buses operated. Of 997 LEAs reporting bus ownership, the majority (62 percent) operate nine or fewer buses. Only 14 operate more than 101 buses.

Exhibit 1.2
Percentage of Total Statewide Buses Used to Serve Small, Medium, and Large LEAs *



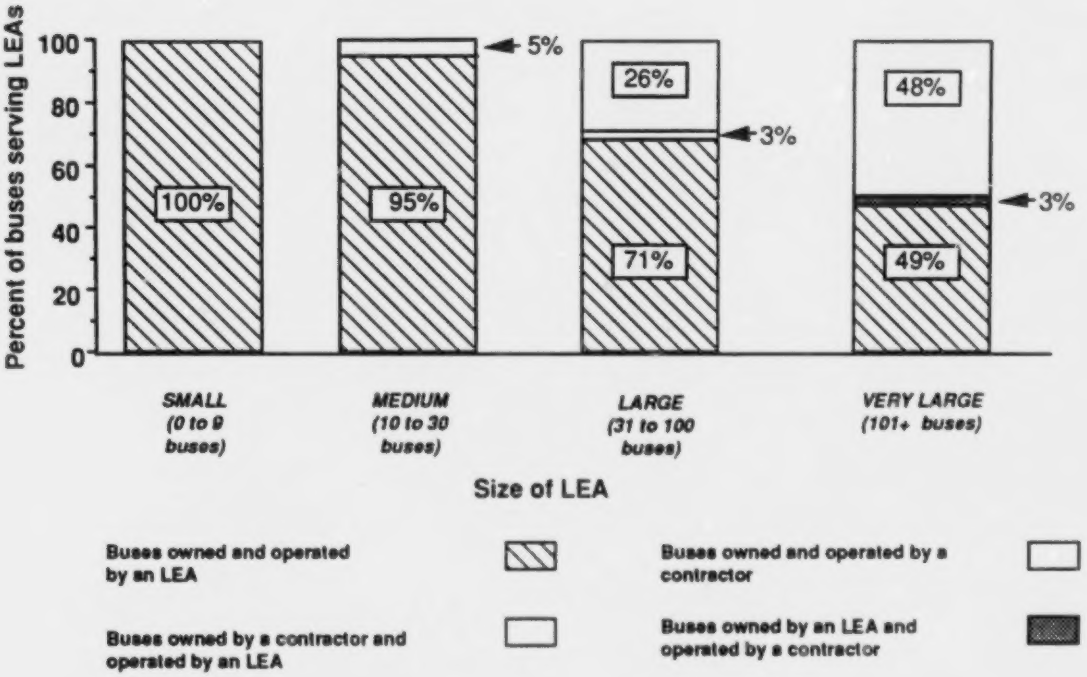
* *LEA size is defined by the number of buses serving LEA students.*

Exhibit 1.2 displays the total number of buses operated by LEA transportation programs, following the same program size characteristics used in Exhibit 1.1. For example, LEAs that operate nine or fewer buses (i.e., 62 percent of all LEAs providing transportation service) operate only 15 percent of the total number of buses in service. The 14 largest operations (i.e., 101 or more buses) account for 23 percent of the total number of buses operated. Thus, a relative minority of LEAs operate the majority of the buses in service. Districts operating 31 or more buses comprise only 13 percent of the total number of *districts* providing service but furnish 59 percent of all *buses* providing pupil transportation service.

Exhibit 1.3 shows operating responsibility for, and ownership of, school buses serving California LEAs.

Exhibit 1.3

Operating Responsibility for and Ownership of School Buses Serving California Local Educational Agencies (LEAs)

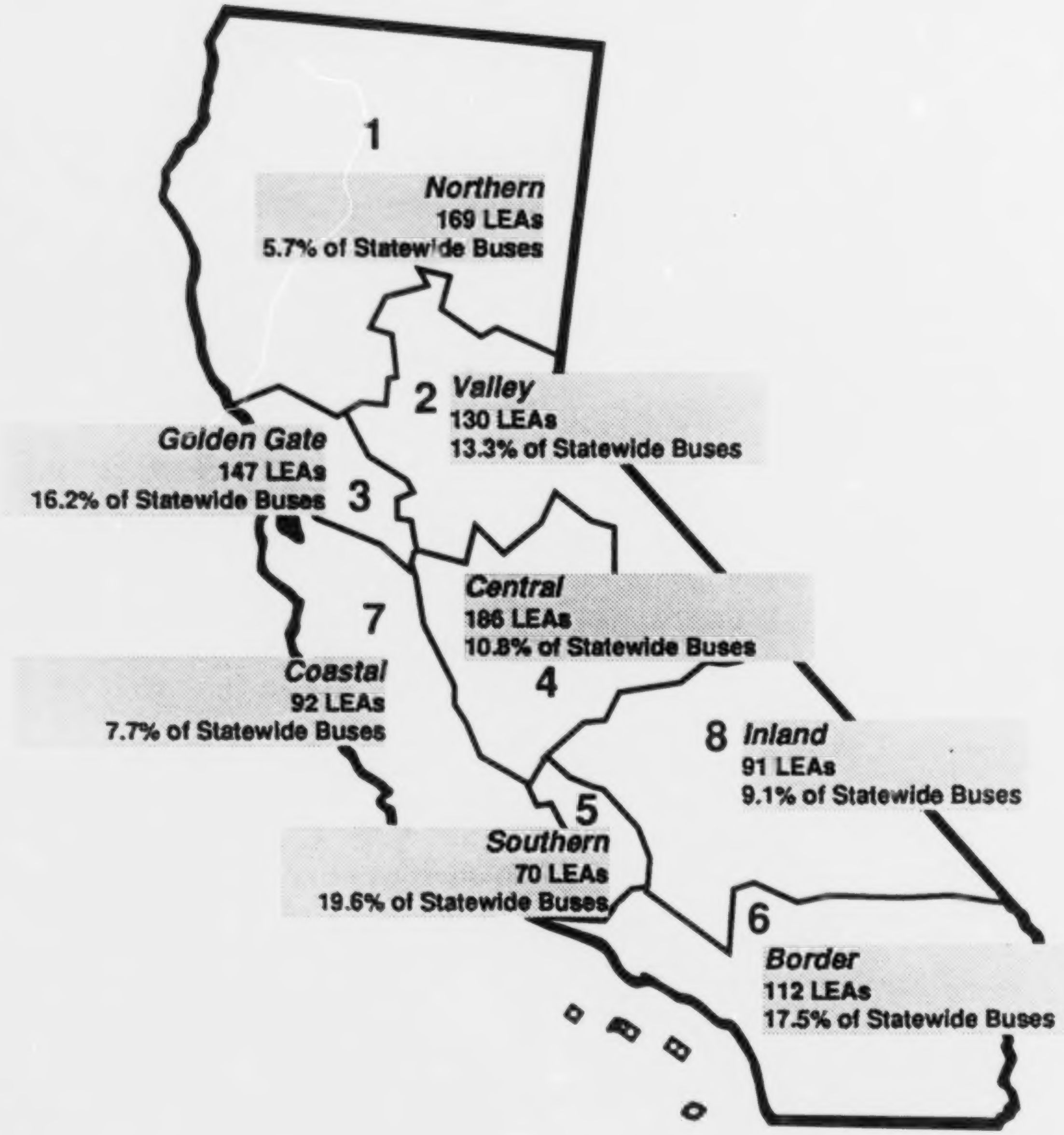


As can be seen in Exhibit 1.3, for the sample surveyed during this project, 96 percent of the buses serving small LEAs are operated directly by the LEA. The same is true for only 49 percent of the buses serving large LEAs. Exhibit 1.3 also shows that similar proportions of the buses are owned by (or purchase options are held by) the LEA which they serve. This indicates that most LEAs that provide service through a contract or a joint power authority (JPA) do not own the buses used to provide that service. The exhibit also shows that more small LEAs than large LEAs own and operate the vehicles they use to serve their pupils.

Exhibit 1.4 uses the administrative regions used by the California Highway Patrol to show the distribution of LEAs and buses.

Exhibit 1.4

Pupil Transportation Around California
(LEA and Bus Distribution by California Highway Patrol Geographic Zones)


1
Northern
169 LEAs
5.7% of Statewide Buses
2 Valley
130 LEAs
13.3% of Statewide Buses
Golden Gate
147 LEAs
16.2% of Statewide Buses 3
Central
186 LEAs
10.8% of Statewide Buses
4
7
Coastal
92 LEAs
7.7% of Statewide Buses
8 Inland
91 LEAs
9.1% of Statewide Buses
5
Southern
70 LEAs
19.6% of Statewide Buses
6
Border
112 LEAs
17.5% of Statewide Buses

Source: California Department of Education J-141 Data Base

Though more LEAs can be found in the Central and Northern regions of the state, the LEAs with larger transportation operations are in the more heavily populated Golden Gate, Border, and Southern regions. This is true even though some of the largest urban LEAs offer transportation services only for purposes of desegregation and for special education students, while providing no regular home-to-school pupil transportation service.

PART I

This part, which includes chapters 2 through 5, helps LEA administrators to identify the costs and characteristics of existing pupil transportation services in their LEA. This section can help administrators to evaluate and improve current transportation service and can provide a baseline for comparison with other options for providing service. Specifically, the contents of this part are:

Chapter 2 - Identifying Pupil Transportation Costs

Chapter 3 - Determining Pupil Transportation Costs

Chapter 4 - Identifying and Assessing Current Service Characteristics

Chapter 5 - Pupil Transportation Performance Measures

Chapter 2
Identifying Pupil Transportation Costs

This chapter defines categories of costs for school transportation programs. It also includes guidelines for defining additional categories of costs of pupil transportation. The cost categories developed in this chapter should help LEAs evaluate the level of service currently provided and to compare alternative transportation proposals.

DEFINING COSTS

Costs of pupil transportation services include:

- Labor of drivers, mechanics, dispatchers, managers, support staff, and so forth
- Materials, such as fuel, parts, office supplies, and so forth
- Fixed assets, such as buses, buildings, tools, and equipment
- Capital, such as interest on leases and forgone interest income on fully owned buses

Specific suggestions for identifying costs are presented in this chapter. Although the categories outlined here include most transportation costs, each LEA should ensure that the list is complete for its purposes. An LEA may do so by systematically asking, for each part of its transportation budget or for each part of its organization or function, the following question: Does this expenditure or resource use provide any benefit to the transportation function?

If the answer is yes, then part or all of that cost should be included in the analysis. Suggestions for cost allocation provided in Chapter 3 will help each LEA determine what part of the cost should be assigned to pupil transportation services.

If an LEA finds additional costs, it will need to determine whether:

- The cost can be separated by type of transportation service (home-to-school operation, special education program, extracurricular activities, or desegregation purposes).
- The cost varies with service quantity.
- The transportation division's share of the cost can be easily distinguished from the cost for the LEA as a whole.

More specific cost data can be useful, though the time and effort needed to gather the data should also be taken into consideration.

COST CATEGORIES

Exhibit 2.1 includes suggested pupil transportation cost classes and categories. This section discusses the reasons for using these cost categories and describes each cost category in detail.

How to Collect These Costs

Following are questions that LEAs should consider prior to identifying and gathering pupil transportation cost information.

WHY ARE THESE CATEGORIES USED?

The reasons for using these categories include:

- These categories help ensure that service level and strategy choices will be based on complete cost information.
- The categories help ensure that cost comparisons are accurate, fair, and inclusive.
- The categories facilitate analysis of the cost of a change in service quantity or quality.
- The categories can be tracked for cost control efforts.
- These categories can guide future data collection.

The checklist breaks costs into categories that are practical and can be assigned or allocated to a "type" of transportation service (home-to-school, special education, extracurricular, or desegregation) and to a single "facet" of the transportation function (maintenance, management/operations/dispatch, routing and scheduling, training, and vehicle ownership). An LEA may want to break down costs more thoroughly than does the checklist if a cost does not seem to be assigned fairly. For example, it may want to separate operators' wages for safety-related training from wages for handicapped pupil transportation training. Safety-related training may be a cost for all types of service, while handicapped pupil transportation training may be a cost only for special education transportation service.

Exhibit 2.1
Pupil Transportation Cost Classes and Categories

Class: **Direct Cost by Route or Type of Service**--These costs increase or decrease directly with changes in the level of service provided. If a route is added, those costs go up proportionately.

Categories:
- Operators' Wages for Hours Worked
- Consumable Liquids
- Other Parts for Mechanical Repairs
- Purchased Transportation Services
- Mechanics' Wages for Hours Worked
- Fuel Costs
- Consumable Parts
- Purchased Vehicle Maintenance Services

Class: **Direct Cost to the Transportation Department (Variable)**--These are costs that vary less directly with the level of services. They cannot be identified directly with a particular route or type of service.

Categories:
- Other Operators' Wages (Standby, Training, Vacation)
- Operators' Benefits
- Collision Insurance
- Bus Depreciation, Rental, or Lease Costs
- Operators' Overtime Premiums
- Workers' Compensation Insurance for Operators
- Liability Insurance
- Other

Exhibit 2.1
Pupil Transportation Cost Classes and Categories
(Continued)

Class: **Transportation Department Overhead Costs (Fixed)**--These are ongoing costs that do not change unless there is a large change in the level of service.

Categories:
- Other Mechanics' Wages (Shop Upkeep, Vacation, Idle Time)
- Mechanics' Benefits
- Purchase of Small Tools
- Terminal Management Salaries and Benefits
- Terminal Land/Buildings Depreciation, Rental or Lease Costs
- Terminal and Shop Buildings Grounds Maintenance
- Fire/Property Insurance
- Cost of Capital
- Mechanics' Overtime Premiums
- Workers' Compensation Insurance for Mechanics
- Terminal Support Staff Salaries and Benefits
- Utilities for Terminal and Shop
- Two-Way Radio
- Office Supplies and Expenses
- Other Major Durable Equipment, Depreciation, Lease or Rental Costs
- Other

Class: **LEA Indirect Costs (Fixed and Allocated)**--These costs represent services provided by the district's central staff to all phases of the district's operations. A portion of these costs is allocated to the transportation program.

Categories:
- Salaries and Benefits for LEA Nonterminal Management
- Cost of Central LEA Services Used

FOR WHAT PERIOD OF TIME SHOULD I COLLECT COST DATA?

It is best to analyze a year's worth of costs at one time. Costs may change from one month to the next as factors affecting costs change. For that reason a full year's costs should be used, if possible.

WHAT IF DATA THIS DETAILED ARE NOT AVAILABLE OR ARE HARD TO OBTAIN?

Many of the costs in the checklist below may be provided by the accounting system. If cost data are not available or extremely difficult to gather in an LEA for these categories, an LEA may need to take alternative steps to analyze costs. An LEA may also wish to allocate the costs differently than we have done in this guide. Chapter 3 provides suggestions for such allocations.

Alternatively, if other methods are not feasible, an LEA may calculate actual costs for one or two weeks and then project the year's total costs. This method can be imprecise, however, especially when transporting pupils in special education programs and for extracurricular activities, because costs for those types of services can vary widely from week to week.

An LEA can improve its ability both to control costs and to perform future analyses by putting in place basic cost data gathering systems, such as work orders.

COST CATEGORY DESCRIPTIONS

Direct Costs by Route or Type of Transportation Service (Home-to-School, Special Education, Extracurricular Activities, or Desegregation)

Costs in this classification should be available for each bus or each route served by a single bus. To measure the cost for a single type of service, an LEA would add up the cost for each bus/route providing that type of service. Only if a bus provides more than one type of service must these costs be allocated to the type of service. These costs vary with changes in quantity of service.

Category 1. OPERATORS' WAGES FOR HOURS WORKED

Wage costs for hours worked actually driving a bus can be assigned directly to the type of service provided. These costs can be obtained from time sheets, or route schedules, and expenditure reports. This cost is distinct from overtime, vacation, training, disability, and other wages that may not be assigned directly to routes.

Category 2. MECHANICS' WAGES FOR HOURS WORKED

Mechanics' wage costs can be assigned directly to the type of service provided by associating them with the bus providing that service. The cost can be calculated by recording time spent on a bus from work orders or from the mechanic's time sheets, which identify the bus the mechanic worked on. Overtime premiums should not be included here (see Category 17, Mechanic's Overtime Premiums).

It is important to separate mechanics' wages and other mechanical, fuel, and repair costs by bus, since different types of service are performed by buses with different costs. If mechanical, fuel, and repair costs were allocated on the basis of the number of miles for each type of service, large Type I buses that use ten gallons for a 60-mile route would be assigned the same fuel cost as a small Type II bus that uses only five gallons for the same 60-mile route.

Category 3. FUEL COSTS

Fuel costs can be assigned to a bus and assigned to the type of service(s) provided by that bus if fuel usage is recorded on a log. If a bus provides more than one type of service, fuel costs can be allocated based on the number of miles of each service type provided. Data on purchase price must be maintained or recorded from invoices.

Category 4. CONSUMABLE LIQUIDS (OIL, ATF, AND ANTIFREEZE)

These costs can be assigned to buses if the mechanics record usage by bus. Work orders may identify quantities used for each bus. Purchase price data for this category of cost also must be maintained.

Category 5. CONSUMABLE PARTS (TIRES, AIR, AND OIL FILTERS)

These costs can be assigned to buses if the mechanics record usage by bus. Work orders may identify quantities used for each bus. Purchase price data for this category of cost also must be maintained.

Category 6. OTHER PARTS FOR MECHANICAL REPAIRS

These parts may be body parts, interior trim, or any mechanical component not included in Category 5. As with consumables, the costs should be assigned to individual vehicles. Again, usage might be found on work orders, and cost per item can be found on invoices for the parts.

Category 7. PURCHASED VEHICLE MAINTENANCE SERVICES

The cost of any maintenance or repair work performed by an organization other than the LEA (for example, a local garage or machine shop) can be assigned to a bus. Such data should be tracked from invoices for the work.

Category 8. PURCHASED TRANSPORTATION SERVICES

The cost of payments under a contract for transportation service should be separate for each type of service. Such costs might include payments to another LEA, payments to a private contractor, payments to parents in lieu of transportation, or other payments for part or all of the transportation service. This cost is measured by recording invoice amounts.

Direct Costs to the Transportation Department (Variable)

These costs cannot be assigned directly to a single type of service. These costs do vary with the quantity of service provided and are not relevant for LEA functions other than transportation.

Category 9. OPERATORS' WAGES FOR STANDBY ASSIGNMENT, VACATION HOURS, SICK LEAVE, IDLE TIME, AND TRAINING

This category includes standby driver's wages (standby drivers report daily and are paid whether or not they drive, but they are not assigned to a route), vacation, and sick leave hours. These costs cannot be assigned directly to a single type of service. The same is true for training, except if the training is specialized; for example, management of handicapped pupils.

Standby wage costs can be measured by adding the full salaries of all standby drivers. If standby drivers have other responsibilities (e.g., account clerk or dispatcher), their driving hours should be recorded from a time sheet, or an estimate should be made of the number of hours they spend driving as a proportion of the total hours they spend working. That number of hours or proportion should then be applied to their salary to measure standby wage costs.

Vacation and sick leave can be calculated by identifying the number of vacation and sick leave hours allotted to each driver each year (even if vacation or sick leave is not taken, this is still an obligation or debt incurred). Multiplying these hours by an hourly wage will give the total cost. Make sure that this cost is not duplicated when wages for hours worked are calculated.

Training wage costs can be calculated by recording (from training session attendance sheets) the number of drivers attending and number of training hours received. Multiply this by hourly wages to get a total training cost. Again, make sure that this cost is not duplicated when wages for hours worked are calculated.

Idle time (guaranteed paid hours during which a driver does not operate a bus, whether or not the driver performs other tasks) and any similar wage costs can be calculated by subtracting driving hours reported by timesheet and vacation/sick leave/training hours from total driver hours paid.

Category 10. OPERATORS' OVERTIME PREMIUMS

Overtime may be more common for certain types of service, such as extracurricular service, and should be assigned directly to that service. Overtime costs can also be obtained from time sheets and pay rates.

Category 11. OPERATORS' BENEFITS (MEDICAL INSURANCE, RETIREMENT, AND SO FORTH)

As with wages for vacation, sick leave, and training, this cost cannot be assigned to a particular type of service. The cost is variable, however, since service quantity increases (more drivers to drive more buses) will require more benefit expenses. Benefit costs usually can be obtained from the LEA's business office or personnel department. Make sure that benefit costs are as specific to bus drivers as possible.

Category 12. WORKERS' COMPENSATION INSURANCE FOR OPERATORS

This cost cannot be assigned to a particular type of service, and it will vary as more buses are used, because more operators must be hired. Be especially certain that costs are specific to bus drivers; they may not be at the same rate that is used throughout the LEA. Bus drivers typically have a higher injury rate than clerical workers. If an LEA's business office cannot distinguish a cost for bus drivers, an LEA may want to ask the workers' compensation insurer directly.

Category 13. COLLISION/VEHICULAR DAMAGE/THEFT INSURANCE

The cost of insurance that covers damage or loss of LEA property (e.g., the school bus) should be separated from other insurance costs, if possible. This cost should be available from an LEA's insurance carrier.

Category 14. LIABILITY INSURANCE

This category includes insurance against injury or damages to other motorists, pupils being transported, parents, and other parties. Again, this cost should be available from an LEA's insurance carrier. This cost usually can be obtained on a per-bus basis. If an LEA's carrier covers the whole LEA, the LEA should make some effort to ensure that the rate quoted for buses is not artificially low. (An LEA may want to get a quote from other insurers for comparison.)

Category 15. DEPRECIATION, LEASE, OR RENTAL COSTS FOR BUSES

If an LEA purchases buses outright or lease-purchases them, the cash expense is realized in three to five years. In fact, such a purchase or lease-purchase is an investment that pays a return in the form of a useful bus over many years. If an LEA purchases buses, it can use the price to calculate an annual depreciation expense by using the suggestions in Appendix C. If an LEA pays rent for the buses it uses, that rent is the cost of those buses.

Transportation Department Overhead Costs (Fixed)

These costs cannot be assigned to any single type of service and do not vary with changes in quantity of service (unless that change is quite significant). These costs can be collected for the transportation function within the LEA.

Category 16. MECHANICS' WAGES FOR TIME DURING SHOP UPKEEP, DISABILITY, SICK LEAVE, VACATION, AND ANY IDLE HOURS

Because these hours are not assigned to a bus, they cannot be assigned to a specific type of service. This cost can be measured by subtracting mechanics' wages for hours worked (see above) from total mechanics' wages.

Category 17. MECHANICS' OVERTIME PREMIUMS

If mechanics are paid "time-and-a-half" overtime, the extra 50 percent is the premium. It would not be fair to assign this premium to the bus (type of service) that happens to be the one worked on during the overtime hours. This cost can be measured by recording mechanics' overtime claims from mechanics' time sheets.

Category 18. MECHANICS' BENEFITS (MEDICAL INSURANCE, RETIREMENT, ETC.)

As with mechanics' wages for time during shop upkeep, disability, and vacation, this cost cannot be assigned to a single type of service. This cost must be collected separately from operators' benefit costs, however, because the rate for mechanics may differ from the rate for drivers and because it should be allocated differently for mechanics than for drivers. Benefit costs usually can be obtained from the LEA's business office or personnel department.

Category 19. WORKERS' COMPENSATION INSURANCE FOR MECHANICS

This cost cannot be assigned to a particular type of service and will not vary with changes in service quantity, unless the change involves hiring or layoffs. An LEA should be certain that costs for workers' compensation are specific to mechanics, since they typically have a higher injury rate than do other workers. If an LEA's business office cannot distinguish a cost for mechanics, an LEA may want to ask the workers' compensation insurer.

Category 20. PURCHASE OF SMALL TOOLS

If an LEA purchases small tools for mechanics, this cost cannot be assigned to any single type of service. The cost can be gathered from invoices for the tools' purchase.

Category 21. TERMINAL MANAGEMENT SALARIES AND BENEFITS

This cost is made up of salaries and benefits for positions such as the Transportation Director, the Operations Manager, the Dispatcher, the Trainer, the Safety Coordinator, and any other nondriving/administrative staff. These costs cannot be assigned to a single type of service and will not vary with the addition or reduction of several routes, buses, or drivers. These costs can be gathered from business office or personnel department records. The costs should include wages or salaries; any overtime premiums; all benefits, bonuses, and perquisites; workers' compensation insurance; and any other expense associated with the LEA's employment of these persons.

Category 22. TERMINAL SUPPORT STAFF SALARIES AND BENEFITS

This cost includes salaries and benefits for any other personnel, such as clerical or bookkeeping staff who work exclusively for the transportation department. As described for terminal management, these costs should include wages or salaries; any overtime premiums; all benefits, bonuses, and perquisites; workers' compensation insurance; and any other expense associated with the LEA's employment of these persons.

Salary and benefit costs should also be measured for support staff or terminal management personnel who have additional, nontransportation-related responsibilities within the LEA. These personnel should complete time sheets indicating the number of hours spent on transportation matters and the number spent on other responsibilities. If such time sheets are not available, an LEA should estimate the proportion of total hours that each of these personnel spend on transportation-related work.

Category 23. RENT, LEASE, OR DEPRECIATION COSTS FOR LAND AND BUILDINGS USED FOR BUS PARKING, REPAIR, AND TERMINAL OFFICES

Rent, lease, or depreciation costs may be the most difficult costs to measure. However, these costs must be measured to make a fair comparison between LEA-provided service and service provided by another organization that will supply its own land and buildings for these uses. This cost cannot be assigned directly to a single type of service nor will it change as small changes are made in service quantity.

Care must be taken to determine whether the land and buildings provide the LEA with nontransportation-related benefits, however. If other LEA equipment is stored on the site, or if it is used for repairing other LEA equipment, or if the LEA is paid rent for the property by another organization, then not all of the cost of land and buildings should be assigned to transportation.

These costs can be measured in one of four ways.

- First, if the LEA rents or leases the land and buildings from a separate owner at a fair market rate, then that rental or lease cost is the number to use.
- Second, if the LEA owns the property and the property is assessed or can easily be assessed, or a market value can be identified for it, then that assessed value or market value can be used to calculate an annual cost of capital and/or depreciation expense. (See Appendix C for instructions concerning depreciation.)
- Third, if the LEA makes other use of the land or buildings and has a need for additional space, then the facility could be assigned a value equal to that which the LEA would have had to pay for expansion space elsewhere.
- Fourth, if the LEA holds fire or property insurance on the terminal buildings, that insurance may indicate a depreciated value for the buildings. This building value can be added to a land value estimated from prevailing nearby private property sales.

Category 24. UTILITIES FOR TERMINAL AND SHOP

Electricity, natural gas, heating oil, water, phone, and similar expenses should be included here. If transportation-related utilities are not metered separately, costs for the entire LEA (or the part which is metered together with transportation) should be gathered and allocated according to the suggestions in Chapter 3.

Category 25. TWO-WAY RADIO

The cost of the repeater, base station(s), and each unit should be included in this category as a rental cost or as a purchase price that is depreciated in accordance with suggestions in Appendix C. Any annual maintenance contracts, repair costs, or other operating expenses should also be included here.

Category 26. MAINTENANCE OF TERMINAL AND SHOP BUILDINGS AND GROUNDS

Facility maintenance may be performed by idle drivers or mechanics. If this is the case, do not calculate a separate cost here, since it should be included above. If separate janitorial, building maintenance, and groundskeeping personnel serve the transportation facility, these costs should be measured and included in an analysis.

Outside contractors may be used, in which case a fixed price or hourly rate and number of hours should be available to calculate costs. More frequently, the LEA will provide maintenance from a central facility maintenance staff. If this is the case, a specific cost should be requested from the business office for this function. Such a cost amount may be allocated by square feet of building space or land area or by property value. Ideally, it should be directly assigned by measuring the number of maintenance hours and supply costs expended on the transportation facility.

Category 27. OFFICE SUPPLIES AND EXPENSES FOR TERMINAL AND SHOP

Purchase or printing of repair orders, mileage logs and other forms, copying, computer maintenance, and similar costs should be included here. Typically, if the supply is consumed, cost can be measured simply by recording the invoice price for the number used. If an office supply item costs more than $500 and is not consumed during a single year, the item should be entered in category 28 below.

Category 28. CAPITAL OFFICE EQUIPMENT COSTS AND RELATED EXPENSES

Costs in this category include computer software/hardware purchase or lease, copier purchase or lease, and the like. This cost can be gathered by obtaining the purchase price of the item and using Appendix C to calculate depreciation expense.

Category 29. FIRE/PROPERTY INSURANCE

Insurance on the terminal, shop building, and grounds should be separated from other types of insurance, if possible. This cost should be available from an LEA's insurance carrier.

Category 30. DEPRECIATION, LEASE, OR RENTAL COSTS FOR OTHER MAJOR, DURABLE EQUIPMENT

This category should include any major, durable investments not included elsewhere. A major investment is generally one that exceeds $500 in purchase price (an LEA may choose to set this limit higher). A durable investment is one in which the equipment will last longer than one year. Two examples are support vehicles and large tools (e.g., engine hoists). As with buses, a purchase price should be obtained. If a purchase price is not available, try to estimate the price for which the equipment would sell for, given its current age and condition. Appendix C provides suggestions for calculating an annual depreciation expense for these items.

Cost of Capital

For each of the preceding items, in which an LEA calculated a depreciation expense (buses, buildings, land, computer, copier, support vehicles, major durable equipment, and any others), the LEA has some capital investment. After estimating a purchase price, the remaining useful life of the item, and a residual value, as suggested in Appendix C, an LEA can estimate a "depreciated value" or "book value." The cost of capital each year for each item can be calculated by multiplying that book value by the interest rate the LEA must pay when it borrows money. An LEA's business office should be able to provide the pupil transportation manager with that interest rate and may be able to assist in calculating depreciation expense and cost of capital expenses using Appendix C. This cost does not have a separate category number because it is calculated at the same time as depreciation costs in the appropriate categories.

LEA Indirect Costs (Fixed and Allocated)

For indirect costs, the transportation share typically cannot be separated easily from that for the entire LEA. The costs usually do not vary with changes in the quantity of service.

Category 31. CENTRAL LEA SERVICES USED BY THE TRANSPORTATION DEPARTMENT

Transportation frequently requires the support of central LEA administrative services. For example, purchasing, accounts payable, receiving, personnel/benefits and payroll, and so forth. Many LEAs already assign these costs to each of their "departments" on the basis of number of employees, dollars in the department's budget, or size of building space occupied by the department. If an LEA does so, it may choose to use that cost in its analysis of pupil transportation costs. Alternatively, if an LEA allocates costs differently than this guide suggests in Chapter 3, it may wish to obtain the total cost of each service from the business office and allocate this cost as part of its analysis of pupil transportation costs.

These cost categories are each incorporated into a work sheet in Chapter 3. That work sheet is designed to accept costs in whatever level of detail they may be available in an LEA and will assist an analyst to allocate costs between the various types of service.

Chapter 3
Determining Pupil Transportation Costs

This chapter describes the need for cost allocation in order to accurately determine the costs of providing pupil transportation. It also presents guidelines for making cost allocations. Costs may be reported in a manner that is too specific for an analyst's needs; therefore, groups of costs can be combined. Some costs will be arranged appropriately and will require no cost allocations. Other costs will be reported in insufficient detail. In this case, costs must be presented with greater precision. This process is called cost allocation.

WHEN AND WHY ALLOCATION IS NECESSARY

What are the purposes of cost determination?

- Compare costs incurred by an LEA with the costs of an alternative means of providing the service.
- Compare costs of a service in one LEA with those of similarly situated LEAs to determine the level of efficiency.
- Estimate the cost of increasing or decreasing service.
- Track costs over time as a means of cost control.

Why do costs have to be allocated? In order to analyze costs of operating a transportation program, costs must be broken down and related to routes or types of service. Many costs may be easily related to a particular route or type of service using hours of service, miles driven, or some similar measure. Other costs, such as those for accounting or personnel, are departmentwide or districtwide and do not relate to the same measures of service.

The cost categories described in Chapter 2 have been chosen so that their specificity makes it easy to understand them and to gather data. Many of the categories can serve an LEA's needs directly. In some cases, however, this is not possible. Allocating costs to categories is then necessary. For example, an LEA may consider contracting out for maintenance of special education vehicles. In comparing the cost of contracting out and the costs of providing the service, an LEA will need to calculate its cost of maintaining those vehicles. To do so, the LEA must be able to separate the costs of parts for special education vehicles from those of other buses. This process, known as cost allocation, is described in this chapter.

Depending on the availability of cost data, the LEA may need to allocate costs in order to arrive at the cost categories suggested in Chapter 2. For example, personnel benefit costs may be available only for the LEA as a whole. To accurately estimate the total cost savings of a reduction in the number of buses or routes, however, an LEA should include the reduced cost of providing employee benefits. Therefore, an LEA must allocate part of its employee benefit costs to school bus drivers.

Consider the following example of allocation. Imagine that an LEA personnel department can determine the total operators' wages for hours worked but that the LEA does not know the separate wage costs for each type of service. If the LEA operates 120 hours of bus service each day and 40 of those 120 hours are for transporting special education students, then 40/120 (or one-third) of the cost of the LEA's total operators' wages for hours worked should be assigned to special education transportation service. *Hours of bus service* is the allocation factor, while *operators' wages for hours worked* is the cost category. Work Sheet 3.1 in Appendix E can be used by an LEA to apply allocation factors in assigning costs to arrive at each cost category. These allocation factors can be used in assigning each cost category to a type of service, a facet of service, or a bus/route.

GENERAL ALLOCATION PRINCIPLES

In making cost allocations, an LEA should consider two principles:

Principle 1: ***Allocation factors should reflect actual costs.*** For example, if an LEA does not have a work order system that can identify the cost of parts for home-to-school vehicles separately from the cost for special education vehicles, then an allocation factor must be chosen that approximates the difference between parts for the two types of vehicles. This guide will suggest that the cost of parts be allocated based on the number of miles a vehicle is driven. Presumably, those vehicles driven the most miles suffer worn-out parts more frequently. Therefore, if an LEA knows that the annual mileage for all buses is 100,000 miles and that special education buses travel 25,000 miles, then 25 percent of the cost of school bus parts should be allocated to special education transportation service.

Principle 2: ***Allocation must rely on factors for which data are available.*** In the preceding example for cost of parts, the allocation is only possible if mileage figures are available. Daily mileage information could be used, but it may not account for summer usage, extracurricular usage, or other wages. Therefore, an LEA may have to consider other allocation factors when allocating specific costs. Suggested allocation factors for each cost category are incorporated into Work Sheet 3.1 (in Appendix E).

USING THE COST ALLOCATION WORK SHEET

Each cost category from the checklist in Chapter 2 is represented by a row in Work Sheet 3.1. Each column of the work sheet represents a different level of detail within the LEA. The first column contains the cost for the entire LEA, the second contains the cost for the pupil transportation department, while the third through sixth columns contain the transportation cost for regular home-to-school services, special education, extracurricular activities, and desegregation purposes. Each cell in the work sheet (a cell is the intersection of a row and a column) represents a single cost category for a single level of detail. For example, in the first row the blanks in shaded boxes represent the cost of drivers' wages for hours worked transporting pupils for home-to-school, special education, extracurricular, and desegregation purposes, respectively.

LEA cost information may be available at various levels of detail, as follows:

- For the whole LEA (e.g., benefit costs)
- For the pupil transportation department (e.g., the terminal manager's salary)
- For specific types of service (e.g., add fuel cost for each special education bus to arrive at a total fuel cost for special education service)

Work Sheet 3.1 allows an LEA to insert costs in a cell corresponding with the level for which data are available. Based on the data available, an LEA can then use Work Sheet 3.1 as framework for allocating costs. In using Work Sheet 3.1, an LEA should try to insert the most specific cost data possible. More specific data will make the final cost calculations more accurate.

Some cells in Work Sheet 3.1 have more than one blank. Some blanks are allocation factors, while others are the product of a higher-level cost and an allocation factor. In cases where there are two horizontal lines of blanks for one cost category, there are two possible methods of allocation. *The best line to use is the one containing a shaded box.* That box represents the cell into which an LEA should first enter data, if possible. If data needed to fill in that blank are not available, an LEA should try to use the second (lower) horizontal line in the cost category row. The second horizontal line includes allocation methods that require less-detailed cost data. *In any case only one horizontal line per cost category row needs to be completed.* Each blank in a horizontal line with the shaded box should be filled out according to the instructions under that blank.

This structure will make it possible, for example, to add all of the costs in the special education column to arrive at a full cost for special education transportation. Alternatively, an analyst may add all costs in the pupil transportation department column to get a full cost for pupil transportation in an LEA. A total cost for maintenance could be derived by adding together all cost categories directly related to maintenance (categories 2, 4, 5, 6, 7, 16, 17, 18, 19, and 20), and any parts of other transportation department fixed costs (categories 16 through 29) that are attributable to maintenance. Finally, by dividing home-to-school transportation costs by the number of home-to-school buses, a full cost per bus can be derived. That part of the full cost per bus that is avoidable (see Chapter 8 for a description of *avoidable costs*) is the savings that would result if one fewer bus was used.

Chapter 4
Identifying and Assessing Current Service Characteristics

This chapter should help managers define the attributes or characteristics of current pupil transportation services provided by an LEA. These characteristics provide the framework for choosing services that are desirable, necessary, and affordable. The characteristics also help a manager determine what to require of a contractor and whether or not each characteristic of current service is truly important to the LEA.

Managers of LEAs can choose preferences for these characteristics. One may prefer high-quality service accompanied by a high cost; another's preferred cost option may not include the same quality of service. The purpose of this section is to make administrators aware that choices are possible and that the choices will have cost implications.

Each characteristic presented in this chapter is briefly described. In addition, units of measure or definition, common practices, service costs, and effects on quality of service are discussed. No specific recommendations are made, recognizing that preferences vary throughout the state. Choices must be considered by each LEA. These may reflect terrain, urbanization, the LEA's finances, or the needs of pupils in any given jurisdiction. Exhibit 4.1 presents a diagram of pupil transportation for a single school. The diagram demonstrates how changing one characteristic may affect transportation costs.

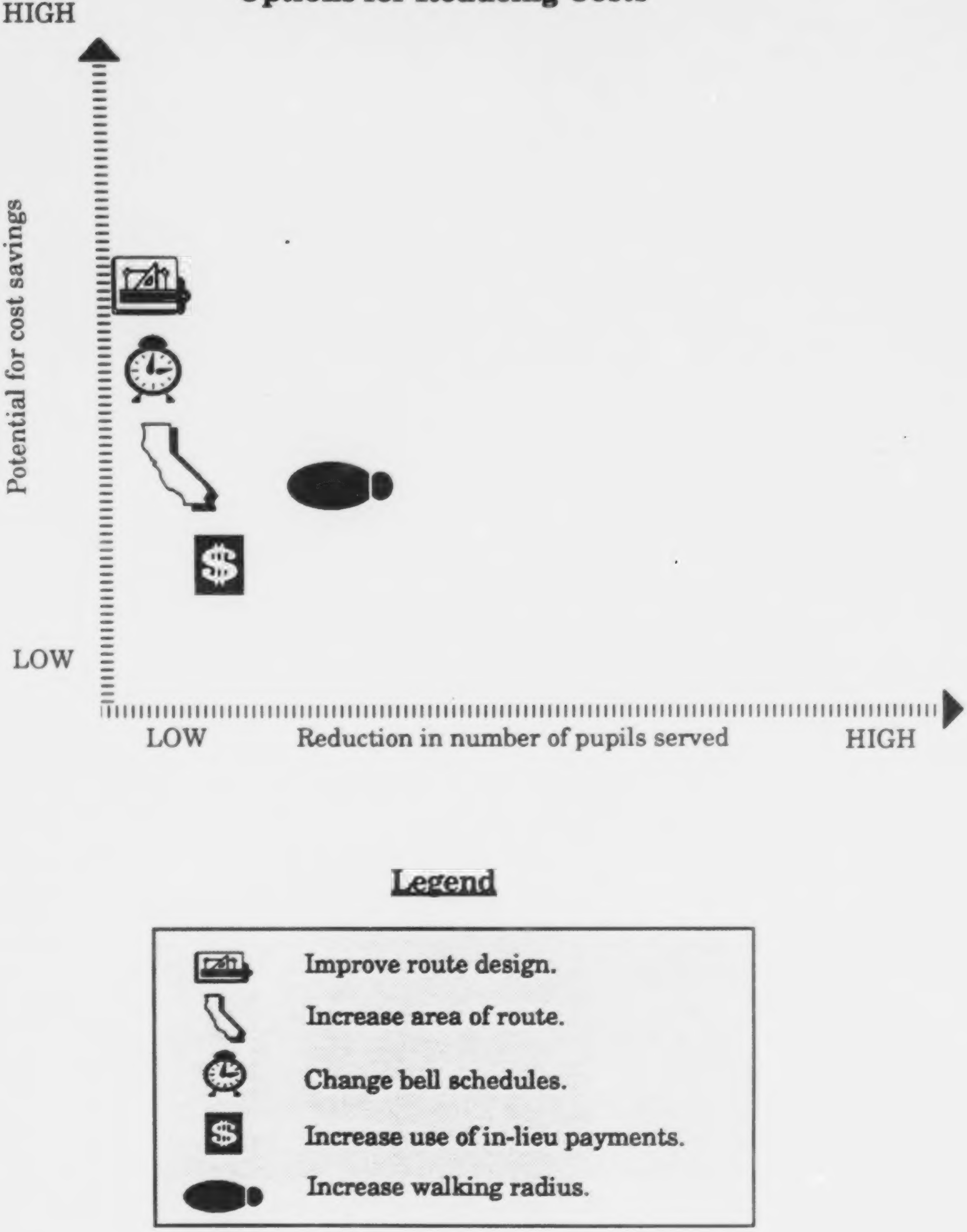
WALKING DISTANCE

The walking distance is a maximum distance from school that may be measured in a straight line or which may be measured along safe streets. A pupil must reside outside the walking distance, however it is described, in order to be eligible for transportation. A walking distance usually is measured in miles and varies around the state from less than one-half mile to more than three miles. Usually, LEAs set a shorter walking distance for younger children than for older children.

A longer walking distance can cut pupil transportation costs, because it will reduce the number of pupils requiring transportation. However, a longer walking distance reduces service quality, because transportation is offered to fewer pupils. Walking distance policies are highly visible decisions within LEAs because they affect many pupils. Many LEAs make exception to a

Exhibit 4.1

Pupil Transportation Service Characteristics Options for Reducing Costs



walking distance policy if a pupil lives inside the distance and a major highway or other obstacle would create concern for pupil safety. Many LEAs offer transportation to all of the children from a single neighborhood, even if only a part of the neighborhood lies outside the walking distance.

Estimates of cost savings from changes in walking distance can be made by estimating the number of students living between the old walking distance and the new one. By inspecting routes and schedules, the LEA can calculate the number of buses that can be eliminated. This number can be multiplied by the cost of a single bus/route for regular home-to-school service, as calculated in chapters 2 and 3. In this way, an LEA can calculate potential cost savings by increasing walking distances.

COORDINATING BELL SCHEDULES WITH NUMBER OF TRIPS PER DAY AND PER BUS

School start and dismissal times (bell schedules) can have a significant impact on transportation costs. If all schools in an LEA start at the same time, few buses can make trips to more than one school during a single morning. Many California LEA administrators interviewed during the preparation of this guide operate buses on several distinct home-to-school trips each morning. One LEA, which operates five trips each morning, delivers children to school at 7:00 a.m., 7:30 a.m., 8:15 a.m., 8:45 a.m., and 9:15 a.m. Each trip may serve a different school or may serve different programs at the same school. Other LEAs surveyed operate only one trip with each bus each morning.

Bell schedules within an LEA may be coordinated to allow an increased number of trips per bus by:

- Setting different start times for the LEA's elementary schools, middle schools, and high schools
- Setting different start times for each individual school within the LEA
- Setting different start times for different programs within individual schools, such as early/late reading

Service quality may be reduced if children arrive at school significantly before class starts. Savings can be realized only if the changing or coordinating of bell schedules allows an acceptable level of service to be provided with fewer buses. If bell schedules in such a case are coordinated, then a single bus could serve the area by making two or more trips.

To estimate the savings available from coordinating bell schedules, an LEA must develop a new route system based on the proposed bell schedule. If the new route system uses fewer buses than the existing system, an LEA can estimate a savings. Computerized routing software can make such comparisons easier; however, small LEAs may not find the software cost-effective.

Site administrators often object to the determination of school schedules by the transportation administrators. For that reason, if savings from bell schedule coordination are to be realized, managers should inform parents and the local community (including the press) well in advance of making any change in start times.

MAXIMUM AND AVERAGE TIME SPENT ON A BUS

The time spent on a bus by any single child is partly a factor of how far the pupil lives from the school attended and partly a factor of the bus route. Typically, the more full the bus, the longer the first few pupils boarding the bus have to ride. An LEA can set limits on the length of time a child spends on the bus. A longer time limit encourages usage of more of the bus's capacity (a higher "load factor") and, therefore, allows service using fewer buses than would be required with shorter time limits. This savings is due to the reduced cost of owning and maintaining fewer buses. On the other hand, a longer time limit lowers the quality of service offered; i.e., the pupils spend more time on the bus.

Few LEAs interviewed during the development of this guide have a printed policy for the maximum time spent on the bus, perhaps because exceptions occur when a pupil lives far from school and perhaps because it is hard and expensive to ensure compliance. However, most LEAs use a "rule of thumb" to determine how much time pupils should be required to be on a bus. Generally, this time varies from 30 to 45 minutes in urban areas and from 60 to 75 minutes in rural areas. The *California Education Code* and the *California Code of Regulations* do not prescribe a maximum time for pupils to be on the bus, but the individualized education plans for some special education pupils may do so.

Load factor, the percentage of a bus's capacity used during a trip, is a measure of how efficiently an LEA uses its buses. If routing and scheduling are made more efficient, the load factor as well as maximum time on the bus can be improved.

DISTANCE FROM RESIDENCE TO PICKUP POINT

If the maximum time is increased, the size of the service area can be increased, because less time is required to pick up or drop off the same number of students at fewer stops. The increased service area permits, in some cases, a reduction in the number of bus routes and a corresponding savings in bus ownership, maintenance, and operating costs.

As with walking radius changes, this issue is likely to be sensitive and may involve pupil safety. Savings from changes in this service characteristic are likely to produce smaller cost savings than are the previously described changes in characteristics. Also, as with walking radius, an increase in the maximum allowable distance from residence to pickup point will decrease transportation service quality.

SAFETY PRECAUTIONS

Choices for this service characteristic *should not* be choices between safe service and unsafe service; they *should* involve determinations of which safety precautions to use in a particular setting. The choices usually are between safe service and *additional* safe service, with the understanding that safer service is more costly. Added safety precautions may require additional time, increased training costs, or more expensive equipment.

Potential safety precautions include the following:

- Establishing a policy of no red-light crossings (dropping children off only on the right-hand side of a street)
- Assigning an aide to each bus
- Requiring that drivers receive additional training beyond state requirements, such as bus evacuation, pupil management, defensive driving, advanced first aid, and so forth
- Constructing special bus stop shelters, special pickup and dropoff zones, and other provisions related to the safe pickup and dropoff of pupils
- Other measures designed to improve the safety of pupils while they are being transported

ABILITY TO ACCOMMODATE CHANGES

Another characteristic is the ability of pupil transportation service to accommodate changes. Adding or deleting a pupil at an existing stop should be easy to do quickly and with little effect on cost. Some additions or deletions will require modification of a driver's instructions. Adding or deleting a bus stop always requires modification of a driver's instructions. In addition, changes in stops may require a change in the design of one or more routes. Being able to make these changes quickly is an advantage as well as a measure of service quality. Such flexibility is also costly, because it requires time and effort to quickly make the changes. Adding or deleting a run or route involves not only the possible design of a new route or the redesign of an existing route but also involves the ability to dispose of a bus that is no longer needed or to place in service a bus that is needed. Flexibility to make these changes can be very costly, because it can require more spare buses than would otherwise be necessary, either before or after the change.

FLEXIBILITY FOR OPERATING EXTRACURRICULAR TRIPS

The ease of obtaining service for extracurricular activities can be an important characteristic of pupil transportation. It is least expensive to operate and easiest to coordinate trips that have been planned well in advance, ideally with an entire semester's notice. Even so, if trips can be scheduled on short notice and if many trips can be scheduled on the same day, the athletic, academic, and related extracurricular activities will benefit; however, such high quality of service generally requires more spare buses than might otherwise be needed.

NEED OR DEMAND FOR SERVICE

A characteristic of an LEA's pupil transportation function that cannot be changed easily but that must be taken into account, is the severity of the need for pupil transportation in the LEA. If physical distances are extreme, or if significant safety hazards exist between pupils' residences and schools, or if the LEA participates in a voluntary or court-ordered desegregation program, then the need for transportation services in the LEA is high.

On the other hand, an LEA may be able to influence the demand for pupil transportation. Doing so will have an impact on transportation costs. If parents are concerned about transportation services offered and are unable or unwilling to provide transportation or to allow children to use other forms of transportation, the demand for transportation service in an LEA may be high. As an LEA's managers determine what transportation to provide and what the characteristics of service will be, they must consider the relative demand for pupil transportation services.

Chapter 5
Pupil Transportation Performance Measures

In this chapter performance measures that can be used to monitor existing service, resolve problems, and evaluate a pupil transportation system's performance are presented. The first section discusses the uses of performance measures, while the second section describes measures that can be used in analyzing pupil transportation services.

USES OF PERFORMANCE MEASURES

Performance measurement can help managers improve their transportation programs. Ideally, performance information is collected, appropriate measures of performance are agreed to, and those measures are tracked over time to determine how performance is changing. Without this systematic process, judgments about the quality of service will remain subjective. Policymakers will not have a reliable basis for judging whether or not the present investment in transportation services is producing satisfactory results.

Performance measures can be used (1) as an objective yardstick for evaluating the service being provided; (2) as a basis for recognizing or sanctioning employees; (3) as a basis for monitoring the contractor's compliance with terms of the contract; and (4) as a basis for changing policies, practices, or budgets.

This chapter provides a description and justification for a detailed scheme of performance measurement. The Department recognizes that not all measures are appropriate for all LEAs; however, by comparing performance among similarly situated districts, managers can determine whether or not their organization's performance is competitive. The purpose of providing the following information is to encourage managers to undertake systematic performance measurement, with the objective of improving the efficiency and effectiveness of local transportation operations.

SUGGESTED PERFORMANCE MEASURES

Exhibit 5.1 on the following page lists the performance measures that are discussed in this section. The discussion for each indicator includes a description of the measure and of the data needed to calculate the measure.

Exhibit 5.1

Suggested Performance Measures

General Performance Measures

Early or Late Runs
Stops or Runs Missed
Compliments and Complaints
Percentage of Vehicle Capacity Used

Safety-Related Measures

Motor Vehicle Accidents, School Bus Accidents, and Injuries
Other Incidents

Personnel-Related Measures

Absence Rates
Driver Turnover Rates and Reasons for Leaving
Evaluation of Driving Performance
Drivers' Credentials
Training Certification Rate
Workers' Compensation Claims

Equipment-Related Measures

Mechanical or Functional Condition of Bus
Vehicle Downtime
Roadway Breakdown Rate

Cost Measures

Direct Special Education Cost, Per Special Education Pupil Transported
Direct Costs to the Transportation Department (Variable), Per Mile, for All Types of Service
Transportation Department Overhead Costs (Fixed), Per Pupil Transported
Regular Home-to-School Fuel Cost Per Mile
Collision Insurance Costs Per Mile
Terminal Support Staff Salaries Per Pupil Transported

This list includes those performance measures that are most important to managing an effective pupil transportation operation in California. An LEA should not hesitate to make use of other measures that may be more suited to its needs.

General Performance Measures

EARLY OR LATE RUNS

This measure requires a rule to determine whether a bus is early or late in arriving at stops, compared to its schedule. Commonly, a bus is considered early if it leaves a stop (after picking up children) at any time earlier than it is scheduled to leave. A bus is commonly considered late if it arrives at a stop (to pick up or drop off children) more than 15 minutes after it was scheduled to arrive. The performance measures are:

Percentage of all runs that leave one or more stops early

Percentage of all runs that arrive at one or more stops late

Early and late runs can be recorded based on calls from parents, teachers, school administrators, LEA staff members, or by direct observation of transportation department staff. A log of early runs, late runs, and stops or runs missed should be kept separately from other records. The log should indicate the date, the stop(s) affected, the run, the driver, the bus, the source of the information that the run was early or late or that the stop or run was missed, and the reason for the problem. Reasons should be grouped into several categories for easy summary. A periodic analysis of the summary may indicate appropriate actions to be taken; for example, additional dry runs required for a new run or the redesign of an existing route. The log also can help identify drivers who are chronically late.

STOPS OR RUNS MISSED

A stop or run missed entirely by a bus, causing the run to be retraced or another bus to be rerouted, should be noted in the log. The performance measure is:

Percentage of all runs scheduled during which a stop or the entire run is missed

COMPLIMENTS AND COMPLAINTS

Compliments and complaints that do not involve early or late buses or stops or runs missed should be recorded in a separate log. Some effort should be made to determine if a complaint is valid before it is entered. If the complaint cannot be confirmed, action should not be taken unless other similar complaints have been received. The performance measures are:

Valid complaints received per month per 1,000 pupils transported

Compliments received per month per 1,000 pupils transported

For example, if an LEA transports 5,000 pupils each way daily, on average, over a month, and receives ten compliments in May, then the compliment measure would be two for May.

The log for recording compliments and complaints should include the date, the driver's name, the bus, the location, the position of the individual making the compliment or complaint, and the topic or nature of the compliment or complaint. Again, several categories should be developed for the nature of complaints and compliments so that they can be summarized effectively. A complimenter or complainer could be one of the following:

- Parent
- Teacher
- School administrator
- Officer of the law
- Transportation department staff member
- Pupil
- Neighbor
- Driver
- LEA personnel
- Member of the community

PERCENTAGE OF VEHICLE CAPACITY USED

This measure gauges whether an LEA is making efficient use of its buses by designing routes that utilize each bus's full capacity. If capacity is not used efficiently, an LEA may be operating more buses than it needs. The performance measure is:

Percentage of vehicle capacity that is utilized at the peak period for each route

An LEA must determine capacity of its buses based on the age of students transported. To ensure that peak ridership is counted, the LEA should use counts that are taken just before children are dropped off at school or just after they are picked up at school.

Safety-Related Measures

MOTOR VEHICLE ACCIDENTS, SCHOOL BUS ACCIDENTS, AND INJURIES

Accident rates are an important and relatively objective measure of an operation's safety. This guide separates accidents that do not involve pupils (motor vehicle accidents) from school bus accidents that involve pupils either riding a bus, loading and unloading, or crossing the street during a red-light crossing. An LEA may find it useful to measure the number of accidents of each type in which the school bus operator is at fault (chargeable), compared to those in which another driver is at fault (nonchargeable to the bus operator). The performance measures are:

Nonchargeable motor vehicle accidents per million vehicle miles

Chargeable motor vehicle accidents per million vehicle miles

Nonchargeable school bus accidents per million vehicle miles

Chargeable school bus accidents per million vehicle miles

Injury accidents per million vehicle miles

Accident data may be obtained from drivers or from law enforcement officers, or evidence of the accident may be reported by LEA transportation staff. Either a law enforcement officer or a representative of the LEA's transportation director should make the determination of chargeability for the LEA's purposes. A file or log of accidents should be kept that includes the following:

- Date
- Bus identification number
- Driver's name
- Location, description, and a diagram of the accident
- Names of any pupils or other passengers on board the bus
- Chargeability of the accident and the determination of the chargeability
- Names of any witnesses

Again, as with early or late runs and compliments or complaints, several categories should be developed for the reason for the accident. These categories can help in developing an effective accident reduction and/or prevention program.

OTHER INCIDENTS

An incident occurs when a student is injured when no collision has occurred; however, an injury that occurs during a red-light crossing is considered a school bus accident. Examples of incidents include a student tripping while boarding or students fighting while on the bus. The performance measure is:

Injury incidents per 1,000 pupils transported per month

The indicator should be calculated using a method similar to that used to calculate the compliment and/or complaint measure. A log of incidents should be kept that includes the following:

- Date
- Name of the driver
- Bus identification number
- Names of the students involved
- Reason for and nature of the incident
- Location

As with other measures, several categories should be developed for the reasons for and nature of the incident to assist with reducing or preventing similar problems in the future.

Personnel-Related Measures

ABSENCE RATES

Absence rates among drivers can result in late or missed runs and difficulty in providing transportation service for extracurricular activities. A high absence rate also is one indicator of poor morale and motivation. The performance measures are:

Average percentage of drivers required to report (those assigned to a route, as well as standby drivers) who do not report to work

Absence rate that is exceeded on no more than 5 percent of all days

Both of these performance measures can be used to reward or penalize drivers and to help an LEA plan for the number of standby drivers to employ. The first gives a general idea of absence levels, and the second indicates how severe the problem is at its worst.

DRIVER TURNOVER RATES AND REASONS FOR LEAVING

The number of drivers either quitting or released from the LEA's transportation operation can aid analysis of three management issues. First, if turnover is high, recruiting and/or training must produce a large number of drivers simply to replace those who have left. Second, if turnover is high, the drivers employed at any given time are likely to be less experienced than if turnover is low. Third, high turnover may indicate low morale, which may be evident in late or missed runs, and lower service quality. Turnover is relatively easy to measure; however, the reasons for turnover are not measured as easily. Exit interviews are a useful means of trying to ensure that future turnover is minimized and that problems which lead to the departure of employees are resolved. The performance measure is:

Percentage of the average number of drivers employed by the LEA who quit or are terminated each year

As with other measures, several categories of reasons for leaving should be developed. Based on the turnover rate and the reasons for turnover, this performance measure can help an LEA to become aware of any problem as well as to effectively address the problem.

EVALUATION OF DRIVING PERFORMANCE

This performance measure should be reflected in the accident rate and complaint or compliment measures. Accidents or complaints can be prevented by identifying a bus driver who has poor driving habits, by retraining the driver to correct the problems, or by removing the driver from service, if necessary. Evaluations should be completed by a licensed school bus driver instructor. The California Highway Patrol recommends that each driver be evaluated at least twice each year. The performance measure is:

Percentage of all LEA drivers who have been evaluated as having satisfactory driving skills at least twice within the past 12 months

Each driver's file should contain copies of his or her evaluations. A filing system should be used that clearly indicates those drivers who should be evaluated within the next 30 days at any given time.

DRIVERS' CREDENTIALS

Drivers' credentials help ensure that persons who operate school buses to transport pupils are competent, qualified, healthy, and adequately trained. Transportation managers should be able to easily verify that drivers have valid certificates in each of the following legally required areas, whether the LEA employs the drivers or another public agency or private contractor is the employer:

- California Class 3 or Class B Driver's License
- School Bus Driver's Certificate
- Medical Examiner's Certificate
- First-Aid Card or evidence of passing first-aid examination
- Negative Tuberculin Test Result Card
- T-01 Driver Training Record Card evidencing compliance with applicable legal minimum training requirements

The performance measure is:

Percentage of the average number of drivers without one or more of the required credentials at any point during a year (this should include expired credentials)

Each credential should be readily available in a driver's file. The organization also should have a means of identifying drivers for whom one or more credential will expire within the next 60 days.

TRAINING CERTIFICATION RATE

The effectiveness of a training program can determine whether or not an LEA has enough drivers to meet needs for service. Some washout, or failure to complete the course, can be expected in a training program, but excessive washout or a low pass rate of a program's trainees on the certification tests can indicate that a program needs improvement. Some training programs certify nearly all trainees who present themselves, but to do so they devote inordinate amounts of time to train poorly qualified candidates. A program's certification rate and the number of hours required, on average, to certify a new driver are key indicators of the program's effectiveness. The measures are:

Percentage of persons who begin classroom training under the LEA's auspices and who receive certification

The average number of training hours devoted to candidates between the start of classroom training and their final certification as a school bus driver

If certification rates are falling, or are very low, changes may need to be made in training methods. If the average number of training hours devoted to candidates is rising or is very high, perhaps unpromising candidates should be "weeded out" earlier in the training process. Records of persons entering the training program and of the number of training hours they receive are necessary to calculate these indicators.

WORKERS' COMPENSATION CLAIMS

The number of claims for workers' compensation is a measure of workplace safety, which in turn is a gauge of on-the-job injuries. The performance measure is:

The number of workers' compensation claims per 100 employees per year

If claims are high, there may be a need for workplace safety training or for physical modifications to the work environment.

Equipment-Related Measures

MECHANICAL AND FUNCTIONAL CONDITION OF BUSES

Performance measures test whether two different types of vehicle inspections are being performed as legally required and whether defects noted during these inspections are corrected. The first type of inspection is the preventive maintenance inspection, which mechanics must perform at least every 3,000 miles or 45 days, whichever comes first. The second type of inspection is a pretrip bus checkout, which a driver must perform before driving any bus. Both of these inspections ensure that buses used to transport pupils are safe and mechanically sound. The inspections also protect the asset value of the buses. The performance measures are:

The number of buses that have been operated for one or more days during the month after passing the 3,000-mile or 45-day limit without being inspected, as a percentage of buses operated regularly

Percentage of bus-days operated without a pretrip bus checkout

The data needed to calculate the first measure should come from a chart that indicates the time between each bus inspection date and the current date. Those buses that are overdue for inspection as well as those buses that are due within one week are highlighted. The chart should also highlight those buses that have traveled more than 3,000 miles since their last inspection and those that are due for inspection within 500 miles. If these data are tracked effectively, violations should not occur. The difficulty of tracking the data makes periodic violations probable; however, such violations can be minimized through regular preventive maintenance.

The data needed to calculate the second performance measure are provided by the legally required written record of each inspection performed and by a record of which buses were used each day.

VEHICLE DOWNTIME

Vehicle downtime is an indication of the percentage of time an average bus is unavailable during the year due to repairs or maintenance. Alternatively, the same measure indicates the average number of buses that are down each day. This measure can indicate the effectiveness of the mechanics and the adequacy of the spare parts inventory. Because safety is important, repairs should not be rushed. The performance measure is:

Average number of vehicles unavailable for service each day (each shift) due to repair or maintenance work

This number can be reduced if preventive maintenance inspections and nonsafety, noncritical mechanical work is performed while buses are not required for service each day (between morning and afternoon runs, in the evening, or at night). The costs of downtime also can be minimized by communicating with the dispatcher as soon as maintenance or repairs are completed and the bus is again available for service.

This measure can also be interpreted as the average percent of time during the year in which a bus will be unavailable. Finally, the measure can be used to estimate the number of spare buses needed to replace buses that are not available for service.

ROADWAY BREAKDOWN RATE

The rate of roadway breakdowns is an indication of the effectiveness of the preventive maintenance program and the general condition of the buses serving the LEA. The performance measure is:

The number of buses breaking down away from the transportation terminal each month, as a percentage of the number of buses regularly operated

The log of each breakdown should include:

- Date
- Bus
- Name of the driver
- Whether or not pupils were aboard the bus
- Whether or not the bus had to be towed
- The reason for the breakdown

As with other performance measures, several categories of reasons for the breakdown should be developed so that the measure can be effectively summarized and acted on. Breakdowns caused by both mechanical failure (e.g., a broken fan belt) and by human error (e.g., ran out of fuel) should be included. An event should not be counted as a breakdown if the run is stopped for reasons of pupil health or behavior.

Cost Measures

SUMMARY MEASURES

Summary measures indicate the overall efficiency of the pupil transportation operation. As with many other performance indicators, these cost measures are most useful in tracking and managing trends within an LEA. Different geography and price levels make it more difficult, though not impossible, to compare costs among LEAs. The performance measures are:

Full cost per pupil transported each way, each day

Full cost per mile (including both live and deadhead miles)

To calculate the cost per pupil, an LEA can simply take the total annual cost for each type of service from Work Sheet 3.1 (in Appendix E), divide by the number of days of service, and divide again by an average pupil count. To calculate the cost per mile, an LEA can take the total annual cost for each type of service from Work Sheet 3.1 and divide by the total cumulative mileage for that type of service.

SPECIFIC MEASURES

Since the summary measures above are highly aggregated measures, they will be most useful to senior LEA managers. LEA transportation managers, however, may not be able to take effective action based directly on those general measures. For that reason, we suggest that transportation managers monitor costs either within the cost classes or, better yet, within each specific cost category described in Chapter 2. Such monitoring will enable the transportation manager to quickly and accurately identify problem areas and take effective specific actions. A transportation manager may wish to analyze the cost as ratios (against either the number of pupils transported or the number of miles traveled). If possible, the manager should separate costs by type of service (regular home-to-school, extracurricular, special education, or desegregation transportation service). Examples of cost class measures include:

Direct special education cost, per special education pupil transported

Direct costs to the transportation department (variable), per mile, for all types of service

Transportation department overhead costs (fixed), per pupil transported

Examples of cost category measures include:

Regular home-to-school fuel cost per mile

Collision insurance costs per mile

Terminal support staff salaries per pupil transported

These cost measures can be developed by using the descriptions and definitions provided in chapters 2 and 3 and dividing by pupil counts or mileage data, as appropriate. A large number of measures are possible, since there are four cost classes containing a total of 31 cost categories, each of which could be monitored for four types of service and analyzed per pupil or per mile. A transportation manager should select measures to monitor based on the unique characteristics and needs of his or her LEA, including its size, types of service provided, geography, and so forth. Once the manager chooses measures to monitor, he or she should ensure that the data needed to calculate those measures are accurately collected and maintained.

PART II

Part II, which includes chapters 6, 7, and 8 of the guide, should help LEA administrators identify options for providing pupil transportation services. Once they know the options, managers can structure and make the decision whether to change the existing method of providing service. The chapters in this part include:

- Chapter 6 - Identifying Options
- Chapter 7 - Preparing for Change : Transitional Issues
- Chapter 8 - Comparing Cost and Service Among Options

Chapter 6
Identifying Options

To achieve a high level of operating efficiency, a transportation provider must consider options in deciding which services to offer and how to organize those services. Failure to do so risks applying resources to activities where they do not achieve the desired benefit. Well-managed operations can be inefficient providers, if they are engaged in providing services that another entity could provide effectively but at lower cost. Given limited resources, LEA policymakers need to ensure that the transportation function is organized and operated in a manner that fits local requirements and fiscal constraints.

The purpose of this chapter is to acquaint the reader with alternative approaches to the organization of the pupil transportation function. It speaks to this purpose by identifying options for the organization of the transportation program. Types of service are: regular home-to-school, special education, and so forth. Each service type possesses attributes termed "facets," which include maintenance, vehicle ownership, and so on. The purpose of this discussion is to highlight the opportunity to tailor the local organization to the requirements of the types of service an LEA intends to provide. Not every type of service needs to be organized in the same manner, even within an LEA; in fact, important reasons may exist to treat different types of service differently. Recognizing *how* a transportation program is organized is a first step in determining which options to consider when evaluating a transportation program. The following discussion provides a framework for this analysis.

Definition of Service Types

The following four types of transportation service commonly are recognized by pupil transportation administrators:

- Transporting of pupils between home and school
- Transporting of special education pupils
- Transporting pupils for extracurricular activities
- Voluntary or court-ordered transporting of pupils for purposes of desegregation

The attributes of any transportation service type include the following:

- Management, operations, and dispatch (including employment of school bus operators)
- Maintenance
- Routing and scheduling
- Driver training
- Vehicle ownership
- Terminal facility ownership
- Transportation liaison to the public, parents, and schools

While many organizations choose to provide *all* the above facets of service, this is not the only feasible or desirable approach to managing a pupil transportation program. Because local conditions vary, each of these facets should be assessed to identify the best way to provide efficient, effective, and safe service.

Which Service Segments to Keep Together

This section discusses reasons why an LEA may want to have different facets of service provided by the same organization. In most cases these are not hard-and-fast rules but are general considerations. Overriding reasons to handle certain service facets differently may exist in any given instance.

An LEA may wish to have the same organization maintain as well as manage, operate, and dispatch the buses. Such an arrangement makes it easier to hold one organization accountable in the event of equipment-related problems.

An LEA may wish to have the same organization both maintain and own buses, because the owner will have an incentive to protect his or her investment by maintaining the buses well.

An LEA should retain authority over, if not direct responsibility for, routing and scheduling. Generally, an LEA should not allow routing and scheduling to be performed by an organization that can profit from less-efficient routes and schedules (one paid based on the time or mileage needed to serve those routes). For example, if a private contractor is paid to operate routes based on hours of operation, there is a potential conflict of interest where that contractor also designs those routes.

Service Facets the LEA Should Perform Itself

Ownership of vehicles and a terminal facility typically requires a large capital investment. Such investment can inhibit an LEA that wants to change its method of providing service from doing so, and becomes a barrier to changing service. An LEA may have a more difficult time resuming service itself if it does not own the buses and terminal. Likewise, it may find fewer private contractors willing and able to provide service if the LEA does not own the buses and terminal. The problem is a lack of flexibility and a potential lack of competition that will check the profit motive of contractors. This concern may not apply in larger urban areas where more contractors and buses are available and where more potential sites exist for terminals.

Most LEAs perform their own routing and scheduling, including those that do not operate their own service. The reason for this is to avoid the above-noted conflict of interest that arises if a single organization both designs routes and would profit from longer and less-efficient routes. LEAs need not necessarily perform their own routing and scheduling in order to avoid the conflict of interest, however. It is necessary only to ensure that the same organization does not have final authority for routing and scheduling as would benefit from longer routes.

Finally, the LEA should communicate directly with the public, parents, and schools. Regardless of who performs service, the LEA must ensure that the service meets the needs of its constituents and ensure that each service provider performs effectively.

POTENTIAL SERVICE PROVIDERS

Each facet of each type of service can be accomplished by a different provider. In practice, most LEAs will choose no more than two or three organizations to provide all facets of all types of transportation service. This section describes the different types of organizations that can provide service and summarizes the attributes of each. Exhibit 6.1 lists optional providers or methods for providing pupil transportation service.

Exhibit 6.1

Potential Providers or Methods for Providing Pupil Transportation Service

- LEA provision of transportation service
- Contract with another LEA (bilateral interagency agreement)
- Cooperatives and consortiums (multilateral interagency agreement)
- Joint powers authority
- Contract with a private pupil transportation provider
- Payment to parents in lieu of transportation
- Common carrier/mass transit (general public transportation provider)

For each provider or method of service provision, a brief description is included, and the following features of the provider or method are noted:

- Accountability
- Flexibility
- Cost
- Effectiveness/service quality
- Liability issues
- Level of management attention required from the district

LEA Provision of Transportation Service

An LEA can provide any facet of any type of service directly (e.g., managing, maintaining, owning, employing, and so forth). The principal attributes of LEA-provided service include:

Accountability	Service provision is closely accountable from day to day and is responsive to direct orders concerning any part of service.
	It is impossible to entirely replace the organization performing transportation services if the performance is not satisfactory.
Flexibility	Service quality is flexible and not rigidly defined by a contract, so that it is easy to respond to unusual requests of the transportation function, such as for help finding a lost child or quick mechanical modification of buses.
	It can be difficult for public agencies to respond rapidly to demands for changes in levels of service, because the process of procuring equipment and adding staff is often lengthy and demanding.
Cost	There is no profit motive to help minimize costs.
	Small and medium-sized LEAs provide transportation on a limited scale, forgoing potential economies (cost and effectiveness) of larger-scale service provision.
	LEAs typically pay relatively high wages or guarantee a minimum number of paid hours to employees who exceed the number of hours worked. These practices can lead to a higher overall transportation cost.
Effectiveness/ Service Quality	LEA transportation expenditures are subject to political choices that may affect service quality. (For example, the decision to replace old buses may be postponed in favor of other priorities if the LEA has retained ownership of its vehicles.)
	The typically higher wages offered by LEAs generally result in lower turnover and a more stable and experienced work force.
Liability	An LEA that provides its own pupil transportation retains liability for the pupils transported (see the liability discussion in Chapter 7).
Management Attention	LEA service provision requires regular, day-to-day management attention as well as periodic monitoring and review of operations.
	An LEA may employ and manage personnel under a merit or civil service-type system.

Generally, the most attractive advantage of LEA service is its immediate responsiveness to direct orders and the flexibility of service quality. The most significant disadvantage is the difficulty in changing the amount of service provided and the relatively high cost of providing service.

Contract with Another LEA (Bilateral Interagency Agreement)

A bilateral interagency agreement is a contract, formal or informal, with another public agency to provide transportation services. Most frequently, the agency providing service is a county office of education or a neighboring school district. Many individual districts will contract with the county office to provide transportation for special education students. Often, elementary school districts will contract with the high school district in their area for maintenance, extracurricular transportation service, or all facets of transportation. In some cases LEAs form agreements with noneducational agencies, such as a fire department, for vehicle maintenance. The principal attributes of bilateral interagency agreements include:

Accountability	Service provision is less directly accountable to LEA managers, because the persons actually providing service are employed by an agency other than the LEA.
Flexibility	Management decisions require consensus, which can be difficult to achieve.
Cost	Economies of scale: fixed costs for one or more facets of the transportation operation need not be duplicated by each agency, and small LEAs can take advantage of the more efficient and specialized methods of larger entities.
Effectiveness/ Service Quality	Greater expertise accompanying larger-scale service provision allows a higher-quality service as well as more efficient service.
Liability	An LEA that contracts with another LEA or another public agency may choose to retain the liability surrounding service provision or may require the contracting agency to accept the liability as part of the contract.
Management Attention	Depending on the LEA's responsibilities under the contract, the need for management attention may or may not be reduced.

If two LEAs serve part or all of the same area (for example, a high school district and an elementary district or a district and a county office of education), then economies of scale may be possible. Better maintenance equipment may be available, and more sophisticated routing and scheduling may be possible. Driver training efforts need not be duplicated. Excess terminal or shop bay capacity can be used as a separate terminal or garage.

An LEA that is concerned with accountability may choose to continue outside the agreement to provide some aspects of the service — management/operation/dispatch, routing and scheduling, and vehicle ownership — that assure control over quality.

Cooperatives and Consortiums (Multilateral Interagency Agreement)

If several LEAs join together to provide one or more facets and types of transportation service, the combination is called a cooperative or a consortium. These multilateral interagency agreements are similar to bilateral agreements. The advantages and disadvantages of bilateral agreements are potentially compounded. The principal attributes of multilateral agreements include:

Accountability	Service provision is less directly accountable to LEA managers, because the persons actually providing service are employed by an agency other than the LEA.
Flexibility	Management decisions require consensus, which can be difficult to achieve.
Cost	Economies of scale: fixed costs for one or more facets of the transportation operation need not be duplicated by each agency, and small LEAs can take advantage of the more efficient and specialized methods of larger neighboring LEAs.
Effectiveness/ Service Quality	More expertise allowed by larger-scale service provision allows a higher-quality service as well as more efficient service.
Liability	An LEA that contracts with another LEA or another public agency may choose to retain the liability surrounding service provision or may require the contracting agency to accept the liability as part of the contract. As with other aspects of transportation service, insurance may be purchased more economically on a larger scale (by the cooperative rather than by the individual LEA).
Management Attention	Generally, if an independent administrator manages transportation service, less day-to-day district attention is necessary; however, the level of attention will drop.

Joint Power Authority (JPA)

A JPA is a special form of cooperative or consortium where an independent legal entity has been formed by the parties to the agreement. Frequently, a reason for establishing the JPA is that the participating LEAs want to jointly make capital investments, such as purchasing buses, a terminal, or other major equipment. The independent legal status of the JPA facilitates such joint purchase and ownership.

Conceivably, a JPA could be formed for maintenance, vehicle ownership, routing and scheduling, or any other individual facet or type of service. The attributes of a JPA include those of a bilateral agreement; however, there are certain additional specific attributes of a JPA. These include:

Accountability	Service provision is less directly accountable to LEA managers, because the persons actually providing service are employed by an agency other than the LEA.
Flexibility	Management decisions require consensus, which can be difficult to achieve.
Cost	Economies of scale: fixed costs for one or more facets of the transportation operation need not be duplicated by each agency, and small LEAs can take advantage of the more efficient and specialized methods of larger neighboring LEAs.
	There is a risk that a JPA, like any other legally independent organization, may become incapable of providing service for some reason, forcing an LEA to make other service provision arrangements on short notice.
Effectiveness/ Service Quality	More expertise allowed by larger-scale service provision allows higher-quality service as well as more efficient service.
Liability	A JPA will ordinarily assume the liability surrounding its provision of pupil transportation services.
	As with other aspects of transportation service, insurance may be purchased more economically on a larger scale (by the JPA rather than by the individual LEA).
Management Attention	The usually independent administration of JPAs requires less day-to-day district management attention than is required for an LEA to provide its own service. Time still is needed for matters of JPA governance and for periodic operations monitoring and review, however.

Contract with a Private Pupil Transportation Provider

This is the most common method of service, other than direct LEA provision. Contracting for pupil transportation is expressly permitted in *Education Code* Section 39800 et seq. Contracts with private providers most frequently include management/operations/dispatch, maintenance, driver training, vehicle ownership, and terminal facility ownership. The contractor usually provides home-to-school transportation, transportation for desegregation purposes, and some but not all extracurricular transportation service. Transportation service for special education pupils is also frequently provided by a contractor (sometimes a different contractor). Supplemental extracurricular transportation service is often provided by charter bus companies, whether or not home-to-school transportation and most extracurricular transportation services are contracted.

Certain facets of service are contracted out individually. Major maintenance is often performed by a private business. Terminal facility land and buildings are often rented from a private owner. Buses are sometimes leased, rather than purchased. More rarely, a separate and independent contractor performs routing and scheduling.

The attributes of a contract with a private provider include:

Accountability	A contractor is accountable through the provisions of its contract with the LEA. It is possible to entirely replace the organization performing transportation services if performance is not satisfactory.
Flexibility	Fewer restrictions exist concerning hiring or terminating specific employees, and the LEA is not responsible for managing employees. Service quantity can be increased or reduced relatively easily and quickly. Service quality characteristics are relatively inflexible and are described in the contract.
Cost	The profit motive helps to minimize costs. If competition exists during contract bidding and award, the cost savings can be passed on to the LEA. A contractor that cannot recoup its costs may default on the contract, forcing an LEA to make other service provision arrangements on short notice.
Effectiveness/ Service Quality	The profit motive incentive to cut costs should be offset by thorough service quality monitoring. The lower wages frequently paid by contractors may result in higher turnover and a less stable and experienced work force.

Liability	An LEA that contracts for transportation service usually requires that the contractor assume primary liability as part of the contract.
Management Attention	Provision through a contract with a private provider usually reduces the need for day-to-day district management attention, though contract negotiations, administration, and operations monitoring and review require periodic attention in order to ensure that service quality is acceptable.

Generally, the most attractive advantages of contractual service provision are perceived to be the potential cost savings and elimination of responsibility for managing employees. The most significant disadvantages of contractually provided service are perceived to be the lack of strict accountability to the LEA for each action, the relative inflexibility of service quality, and the need for enhanced monitoring of service quality.

Payments to Parents in Lieu of Transportation

An LEA may choose to pay parents in lieu of transportation fees rather than provide transportation to children. This is currently most common when the pupil lives in a remote area or when the pupil is handicapped and the parent already has a vehicle suitable for transporting the pupil. The attributes of payments to parents in lieu of transportation include:

Accountability	Accountability of parents for the transportation of their own children is not an issue. If parents carpool, transporting each others' children, the LEA may not easily be able to hold one parent accountable for the transportation of another's child.
Flexibility	Flexibility is not an issue.
Cost	Payment is usually made on a per-mile basis. Cost will depend on the distance traveled and whether parents in distant areas are willing to carpool. For special education pupils, the parent may be better equipped to transport the pupil to and from school, and payments in lieu of transportation can be used to avoid the need for expensive specialized vehicles and equipment.
Effectiveness/ Service Quality	High-quality transportation service is likely; however, parents may not be willing to provide transportation.
Liability	The LEA remains liable for pupil safety and conduct but has little control over pupil transportation service. (An LEA should have a contractual agreement with parents that includes insurance coverage.)
Management Attention	Payment in lieu of transportation can require relatively little day-to-day district management attention.

Common Carrier/Mass Transit (Providers of General Public Transportation)

Though such arrangements are infrequent, an LEA may choose to arrange and pay for pupil transportation by a carrier on routes that are open to the general public, such as a for-profit carrier, a public mass transit bus service, or a taxi service. As will be described in Chapter 7, the LEA may still be liable for the well-being of pupils when they are transported by one of these methods. The attributes of arranging for pupil transportation via common carrier/mass transit include:

Accountability	Pupils are not supervised by any person who is accountable to the LEA. The LEA has little or no authority over transportation service.
Flexibility	A common carrier or mass transit operator may be able to offer flexible amounts of service (if an LEA is experiencing significant growth). Generally, the routes on which a common carrier or mass transit operator provides service are relatively inflexible.
Cost	Cost will depend on the particular agreement negotiated. Generally, if a transit operator or common carrier provides public transportation approximating that needed by pupils, or if the carrier or transit operator has excess capacity, cost may be relatively low.
Effectiveness/ Service Quality	A carrier that serves the general public may not operate routes that are convenient to pupils needing home-to-school transportation. Parents may not feel comfortable sending their children to school on a bus that serves the general public, and drivers of such vehicles may be unprepared to cope with schoolchildren as passengers.
Liability	If an LEA negotiates a contract with the carrier, it may require the carrier to assume liability. If the LEA arranges and pays for transportation, the LEA must retain the liability surrounding transportation service provision unless the carrier holds insurance that is specifically primary to the LEA's liability (see Chapter 7). An LEA should consult legal counsel on this issue before choosing this option to provide pupil transportation service.
Management Attention	Little district management attention may be required.

Do Not Provide Transportation

An LEA may choose not to make any arrangements or payment for home-to-school transportation or extracurricular pupil transportation. (LEAs may not exercise this option for special education transportation and court-ordered desegregation transportation service.) If this option is exercised, the LEA has no liability for pupils while they are traveling to school. Pupils may, at their own risk, choose to travel on a common carrier or mass transit carrier, but they do so at their own expense and without arrangements being made by the LEA. The attributes of not providing service include:

Accountability	Accountability is not an issue.
Flexibility	Flexibility is not an issue.
Cost	There is no cost to the LEA.
Effectiveness/ Service Quality	An LEA that does not provide pupil transportation service may face public and parental outcry and other undesirable publicity, especially if pupils face potential safety risks while traveling to school. (This does not necessarily imply that such an LEA is legally liable for those pupils' safety).
Liability	An LEA that does not undertake to provide pupil transportation is not liable for the well-being of pupils until they arrive at school (see Chapter 7).
Management Attention	No district management attention is required.

Chapter 7
Preparing for Change: Transitional Issues

This chapter discusses potential concerns that may arise when an LEA changes its method of providing pupil transportation services. Three major concerns are addressed: labor issues, disposal or acquisition of capital goods, and changes in the LEA's liability for the well-being of pupils. The purpose of this chapter is to make LEA transportation managers aware of the issues that will arise if the method of service provision is changed and to make them further aware of their options in preparing for and coping with a changed method of providing service.

LABOR AGREEMENTS AND RESTRICTIONS

If an LEA changes the method of providing one or more facets of one or more types of service, the LEA may need to consider the effect of the changes on the persons who operate the buses, those who maintain and repair the buses, and those who manage the operations. Part of the consideration should be a concern for the well-being of the employees, and part of the consideration should be an awareness of the limitations employment relationships can place on an LEA's ability to select service characteristics and provision methods. This section discusses those considerations and discusses provisions that the LEA may want to make in preparation for future transportation strategies.

Current Union Contract

An LEA's options for selecting service characteristics and for selecting the service provider may be limited by a contract with a labor union. For example, the contract may:

- Set a minimum number of hours for which operators must be paid each day.
- Place restrictions on the transportation provider's ability to lay off drivers in the event of reduced service need.
- Prohibit the service provider from laying off all drivers in the event that the LEA chooses to change the method of service provision or in the event that the LEA chooses to stop offering transportation service.

- Prohibit the use of monetary and/or nonmonetary incentives or penalties based on employee performance.

Labor contract provisions such as those above may prevent the LEA from choosing, for example, to contract for provision of service by a private provider, because such a contract would require that the LEA lay off all school bus operators employed by the LEA.

Managing Labor Relations Through a Change in Service Provision

When an LEA prepares to change methods of pupil transportation service, it will need to consider and address worker (and union) concerns surrounding workers' status during and after the transition. An LEA may need to make decisions or gather information that will allow it to answer questions regarding the following items. (The inclusion of an item within this list does not imply that an LEA is required to provide the item or provide information concerning the item. The list only includes items that will be of concern to employees.)

- Any severance pay and layoff notice period

- Any provisions or terms that the LEA sets or negotiates for potential rehire by the LEA of transportation workers after they are laid off

- Any provisions set or negotiated for continuation of LEA-provided fringe benefits

- Any provisions for interviews and potential employment with any new service provider

- Likely changes in wages, benefits, or work rules and conditions if the individual is hired by the new service provider

- Other concerns that may be raised by employees or their union representative

Before making a change in its service or before changing the organization providing one or more facets or type of service, an LEA should carefully consider the substance of each item on this list, as well as the most effective methods of addressing the employees' concerns and the district's needs in each area. Problems that may arise regarding these issues can be sensitive and controversial, but they are not insurmountable.

Should an LEA need further and more specific information regarding its particular situation, it should consult legal counsel as to its responsibilities and authority.

Requirements That New Service Providers Employ Current Drivers and Mechanics

As an LEA considers changing its method of providing transportation, the LEA may wish to make some provision for the security of the employees who provided service before the change. Some LEAs have chosen to do so by requiring a new service provider to interview or hire the LEA's drivers and/or mechanics. Such a requirement could be made whether the new provider is a public agency, consortium, JPA, or private contractor. If a new provider is required to hire existing employees, the LEA may find it more difficult to attract a new provider. Alternatively, the LEA could offer some severance pay to any displaced employees.

Labor Contract Provisions Allowing Changes in the Method of Service Provision

As an LEA negotiates any labor contracts, the LEA may wish to prepare for any potential service changes by including in proposed labor contracts terms that expressly permit those actions outlined as restrictive above. For example, a term of the labor contract may expressly permit the LEA to lay off all employees if it chooses to contract out for transportation service.

SALE/ACQUISITION OF LEA-OWNED VEHICLES AND/OR TERMINAL FACILITY

If the LEA chooses to cease providing part or all of its transportation services, it may have to dispose of the resources used to provide that service. Conversely, if the LEA chooses to resume provision of one or more facets or types of service, the LEA will have to acquire the resources needed to provide that service. The resources include human resources (lay off or hire staff, as discussed above) as well as capital resources. Capital resources that also may need to be disposed of, or acquired, could include:

- School buses
- Other vehicles
- Terminal facility land and buildings
- Maintenance and repair tools and equipment
- Parts inventories

Of course, which resources will need to be disposed of, or acquired, depends on which facets and types of service the LEA will cease to provide or begin to provide.

Disposal of Resources

Disposal of resources will have several implications. The LEA will need to plan, arrange, and bear the expense for the sale of its capital resources; however, it will realize the proceeds from such sale. By disposing of these resources, the LEA will be unable to resume service provision, should it choose to, without acquiring the resources again. Similarly, once the resources are disposed of, the LEA must rely on another organization to provide those resources as well as operate the transportation service. There may be few other organizations willing or capable of providing the resources and operating the service. In less-populated areas this may be especially true. An LEA that sells its buses may find few parties willing to provide transportation service that includes provision of buses.

Acquisition of Resources

Should an LEA choose to resume providing service after having relied on another organization to do so, the LEA may need to acquire some or all of the resources noted above. This may be difficult or next to impossible, given the capital expenditures required. Much of the LEA's ability to acquire the resources depends on its creditworthiness and its ability to make payments for the acquisition over an extended period. Such acquisition will involve:

- Locating sufficient resources that are available at an acceptable price
- Raising cash or sufficient financing to acquire the resources

Each of these tasks can be formidable. If the LEA chooses to change from one method of service provision to another without resuming service, the new service-providing organization will face (and pass along) these same costs, if such a change is possible. For these reasons, LEAs should consider retaining ownership of major capital goods, especially buses and terminal facilities, whether or not they change the method of service provision.

CHANGES IN LEA LIABILITY FOR PUPIL CONDUCT AND SAFETY

California Education Code Section 44808 provides that:

> Not withstanding any other provision of this code, no school district, city or county board of education, county superintendent of schools, or any officer of such district or board shall be responsible or in any way liable for the conduct or safety of any pupil of the public schools at any time when such pupil is not on school property, unless such district, board, or person has undertaken to provide transportation for such pupil to and from the school premises, has undertaken a school-sponsored activity off the premises of such school, has otherwise specifically assumed such responsibility or liability or has failed to exercise reasonable care under the circumstances.
>
> In the event of such a specific undertaking, the district, board, or person shall be liable or responsible for the conduct or safety of any pupil only while such pupil is or should be under the immediate and direct supervision of an employee of such district or board.

Although the interpretation of when an LEA has "...undertaken to provide transportation. . . to and from the school premises..." is not entirely clear, an LEA generally remains liable for pupil conduct and safety when it makes use of any of the methods of providing transportation services discussed in Chapter 6, with the exception of choosing not to provide transportation. (The model contract in Chapter 12 includes a section requiring that service providers purchase insurance that names the LEA as an additional insured to protect against this liability.)

Since an LEA that provides transportation is liable for pupil conduct and safety, similarly an LEA that does *not* operate its own transportation services should exercise care and attention to pupil conduct, safety, and general well-being even though pupils are transported by other transportation providers.

Chapter 8
Comparing Cost and Service Among Options

This chapter provides guidelines for comparing the cost of different methods of providing transportation services. It discusses the concept of avoidable costs and lists cost factors that must be included with any bid or price quote to make a fair comparison. This chapter also discusses the importance of competition and methods for obtaining cost estimates for alternative methods of providing transportation. At the end of this chapter is Work Sheet 8.1, which can be used to compare potential costs or savings if the LEA chooses to contract, instead of providing transportation services.

DISTINGUISHING AVOIDABLE AND NONAVOIDABLE COSTS

Chapters 2 and 3 illustrate how to calculate the "full cost" of service, whether for one or all types of service and one or all facets of service. These full costs of service are not directly comparable to alternative methods of service provision. When an LEA stops providing service, it may not recover the full cost of that service. Some of the costs of service are not avoidable. Where this is the case, the LEA should only compare potential cost savings (avoidable costs) with the price of service charged by a contractor.

Which costs are avoidable will vary from one LEA to the next and vary between facets of service. Many large capital items, even land and buildings, can be avoidable costs. If an LEA stops providing transportation, it may sell those items or make some other valuable use of them, so that they can no longer be considered transportation costs.

To identify avoidable costs, the analyst should review each of the cost categories from Chapter 2 and Work Sheet 3.1. For each cost, the analyst must ask:

> *If the LEA stops providing its own pupil transportation services and begins to rely on an alternative provider, will this cost continue?*

If the analyst answers yes, then the cost is *not* avoidable. Remember that if a piece of equipment can be sold or its lease can be broken, the cost can be avoided. If the item or employee has value to some other LEA function, then the cost of that item or that person's wages should no longer be considered a transportation cost. Only if the item continues to have a cost *after* the

LEA stops operating its transportation service, and that item *cannot* be used for some other LEA purpose, sold, or subleased, is that item a nonavoidable cost.

Nonavoidable costs must be subtracted from the full cost of LEA service provision calculated in Work Sheet 3.1 before those costs can be fairly compared with the price offered by a contractor.

OBTAINING CONTRACTOR BID ESTIMATES AND PROJECTING BIDS

To compare the cost of LEA service with contracting out, the LEA should try to obtain preliminary estimates. To do so, the LEA could request nonbinding preliminary quotes from several contractors. Along with the request, the LEA should provide as much detail as possible about the services it desires. These include descriptions of current service characteristics, details of each facet and type of service the LEA will require, route schedules and distances, insurance requirements, and vehicles provided or required by the LEA. The LEA may choose to request estimates in either the same format required in the bid (rate per bus-day and excess hour rate) or in a single lump sum for annual service.

To obtain these bid estimates, an LEA might choose to contact only those contractors serving other LEAs in its area. Better yet, the LEA could contact the California Department of the Highway Patrol, Motor Carrier Division, for a complete listing of contractors licensed to operate school buses in California.

IDENTIFYING AND ESTIMATING ADDITIONAL COSTS OF CONTRACTING

When an LEA contracts for transportation services, part of the full cost is the price charged by the transportation provider, as agreed on in the contract. In addition, there are other costs associated with contracting for services. The LEA also must bear the cost of preparing a contract and Request for Bid/Proposal (RFP), soliciting and evaluating bids and proposals, and most significantly, the cost of administering and monitoring the contract.

An analyst comparing the cost of LEA service provision must compare the avoidable cost of service provision with the total of the bidder's price plus these additional costs of alternative methods of provision. Each of these costs is discussed below.

Contract and RFP Development and Bid Evaluation

This cost may be measured by calculating the salary and benefits for staff effort to write or modify the contract and RFP. Modifications might be expected to require between 20 and 60 hours of management time plus secretarial support and production expenses. Writing a new contract and RFP could require between 40 and 160 hours of management time, depending on the complexity of the documents. Additionally, any legal review or consulting expenses should be included.

For bid evaluation, the costs include salary and benefits for staff effort spent evaluating bids, contacting references, and visiting sites where bidders currently provide service (a full description of the suggested process is included in Chapter 10). Additionally, if the LEA makes use of legal or consulting assistance, that cost also should be included.

Contract Monitoring and Administration

LEAs may choose different methods of administering and monitoring a contract for transportation services, whether the service provider is a private firm, another LEA, or a public agency. The range of options for contract administration, and the advantages and disadvantages of each option are discussed more fully in Chapter 11.

If the LEA chooses to monitor the contract itself, monitoring and administration costs will include the salary and benefit costs for a contract administrator position. The position may be a full-time position or a part-time position, in which case only part of the individual's salary and benefits should be included as a cost of contracting. Other contract administration costs will include office space, office supplies, computer or other office equipment, secretarial support, and the like. The contract administration function will require the time of central LEA management for periodic review and oversight.

If the LEA retains outside assistance to monitor its contractor, the periodic cost of legal or consulting professionals to perform such monitoring must be estimated and included. As will be suggested below, the most effective method of estimating the cost of such assistance is to request informational quotes from potential agents.

Each of these costs of contract development, bidding, bid evaluation, administration, and monitoring must be added to the cost of the contract before the full cost of the contracting alternative can be fairly compared to the LEA's avoidable cost of providing its own transportation service.

COMPETITION AND REALISTIC ALTERNATIVE OPTIONS

As an LEA considers and compares its options for transportation service, it must take into account geographic location. The LEA must consider the number of qualified organizations willing to provide contract service or, alternatively, the number and size of other LEAs or public agencies that might choose to enter into an interagency agreement, cooperative, consortium, or JPA.

There are two reasons for this "market evaluation." First, an LEA may find that there are no alternative providers willing to provide, or capable of providing, service. This may itself limit options. Second, if only one or two firms operate in the region, an LEA may find that little competition exists. In this case, an LEA that chooses to contract should make sure that it is comfortable with the contractor and should seriously consider the option of retaining ownership of its vehicles and terminal.

On the other hand, an LEA will have more options and can expect better competition if the LEA is located in a metropolitan area that has a number of firms willing to provide contract service. Prospects for entering into agreements with other public agencies also may be greater in metropolitan areas.

COMPARABILITY OF SERVICE CHARACTERISTICS

As an LEA compares the cost of providing transportation service with the cost of contracting, the comparison is only fair if the service is the same in both cases. It is important, therefore, that the LEA have a clearly defined understanding of each of the service characteristics and performance measures discussed in chapters 4 and 5. This clear definition should be included in requests for preliminary cost estimates, as well as within a Request for Bid/Proposal.

If an LEA is willing to change service characteristics, then it should analyze the cost of that changed service provided both in-house and through contract. To compare the cost of contract service at one quality level to the cost of LEA-provided service at a different quality level is misleading. If different service characteristics would permit the use of fewer home-to-school vehicles, then it is necessary to subtract the average cost for those vehicles from the LEA's cost of service before comparing that cost.

On the basis of an estimate of the LEA's full cost of service from Work Sheet 3.1 and the above paragraphs, the analyst should be able to make a final cost comparison by completing Work Sheet 8.1. This work sheet summarizes the LEA's total avoidable cost of providing its own transportation service. It also summarizes the total cost of contract service, including the adjustments suggested in this chapter. This comparison should play a principal but not exclusive role in an LEA's choice as to whether or not to contract for pupil transportation services.

Work Sheet 8.1

Comparing Annual LEA Savings with Annual Contracting Costs* for Pupil Transportation Services

AVOIDABLE COST OF LEA SERVICE

Annual Estimate of LEA's
Full Cost of Service (from Work Sheet 3.1) $______

Minus Annual Nonavoidable Costs

Central LEA Administrative Costs ______
Building and Land Depreciation ______
Major Capital Equipment ______
(Only if equipment has no other use, and cannot be sold or lease cannot be broken)
Other Nonavoidable Costs ______

Total Nonavoidable Costs -______

TOTAL AVOIDABLE COST TO LEA OF DIRECT SERVICE $______

LEA COST OF CONTRACT SERVICE

Annual Contractor Bid $______

Plus Additional Costs of Alternative

Contract and RFP Development ______
Bid Evaluation and Negotiations ______
Contract Monitoring and Administration ______

Total Additional Costs of Alternative +______

TOTAL LEA COST OF CONTRACTING FOR PUPIL TRANSPORTATION $______

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* Asset disposal or acquisition will produce one-time savings or costs that should be in reduced or increased future capital asset costs.

PART III

Part III, which includes chapters 9 through 12, helps LEA administrators who have chosen to contract for pupil transportation services. This part includes models of relevant documents, suggestions for their use, and general guidelines for most aspects of pupil transportation contracting. The chapters in this part include:

Chapter 9. Request for Bid/Proposal

Chapter 10. Contract Award Process

Chapter 11. Contract Administration and Monitoring

Chapter 12. Model Agreement for Furnishing Pupil Transportation Services

Chapter 9
Request for Bid/Proposal

This chapter includes a complete model Request for Bid/Proposal (RFP). The model should be modified by an LEA to suit its individuals needs. It has been developed to be inclusive and comprehensive not because every term is essential, but rather so that LEA administrators using the model are aware of the full range of options available. As with the Model Agreement for Furnishing Pupil Transportation Services, sidebars (gray boxes) throughout this model RFP describe the purposes, alternatives, advantages, and disadvantages of various provisions.

Because of the length and detail of this document, and since it is intended to stand independently of the guide, a separate table of contents for the RFP is included.

A diskette is available for this guide that contains this RFP, contract evaluation and award language from Chapter 11, the Model Agreement for Furnishing Pupil Transportation Services from Chapter 12, and Supplementary and Alternative Contract Terms from Appendix D of this guide. The diskette contains several common word-processing formats, so as to enable LEAs to easily modify and customize the documents.

To obtain a copy, write:

Office of Financial Management Practices and Standards
California Department of Education
560 J Street, Room 590
P.O. Box 944272
Sacramento, CA 94244-2720
Attn: Pupil Transportation Guide Diskette

Please be sure to specify the diskette format: 5¼" or 3½", DOS or Macintosh.

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A. GENERAL INFORMATION

This page is an example of an advertisement that an LEA might publish to comply with legal public procurement requirements and to attract bidders. *Public Contract Code* Section 20112 requires that such notice appear at least once a week for two weeks in a newspaper of general circulation. An LEA should take other steps to attract bidders, however, including contacting the California Highway Patrol to obtain a list of licensed pupil transportation contractors and contacting the California Association of School Bus Contractors. An LEA should also contact neighboring LEAs and other public providers that also may be capable of offering service.

NOTICE TO CONTRACTORS CALLING FOR BID PROPOSALS

NOTICE IS HEREBY GIVEN THAT THE ______________________________ District, of ______________ County, California, acting by and through its Governing Board, and hereinafter referred to as "District," will receive up to but **not later than** _______________, sealed bid proposals for the award of a contract for:

Pupil Transportation Service as specified in the Request for Bid/Proposal, specifically including the Agreement for Furnishing Pupil Transportation Services.

Each bid proposal must contain a completed Bid Form (cost proposal), a completed Bid Proposal Questionnaire, any proposed modifications to the Agreement for Furnishing Pupil Transportation Services, the prescribed amount of Bid Security in an acceptable form, and a Workers' Compensation Certificate. The cost proposal shall be submitted on the Bid Form which is included in this Bid Proposal Package. The Bid Form and other components of this bid proposal package may be obtained from the District's Purchasing Office. Bid Proposals shall be received in the District's Purchasing Office located at:

____

____

____

Any bid not received by (specify time) on (specify date — same as cited above) at the above location will *not* be accepted.

A Proposer's Bond in an amount of five percent (5%) of the total bid proposal price shall accompany the sealed bid proposal. No proposer may withdraw his bid proposal for a period of sixty (60) days after the date set for the receipt of bid proposals.

Minority/disadvantaged and women's business enterprises are encouraged to submit bid proposals.

PUBLISHED ON: ________________ and ___________ in the __________________.

______________________ _____________

Clerk of the Governing Board, District

This page begins the model for an LEA's RFP package that is sent to all potential proposers. The entire proposal package includes information about the LEA and its needs, the conditions and requirements of the proposal process, a questionnaire that proposers must complete, and a copy of the Agreement that the LEA intends for the successful proposer to execute.

REQUEST FOR PROPOSAL PACKAGE INTRODUCTION

The District seeks a school bus Contractor to provide pupil transportation services. Of particular note to prospective Contractors is the fact that the School District will provide the buses, a terminal facility, a parking area for all buses, and office facilities. The District requires that the Contractor provide the management expertise, the necessary regular and standby drivers, vehicle mechanics, and driver training and safety personnel. Furthermore, the Contractor shall lease the buses and facilities for the term of this Contract and operate and maintain the buses to the standards of the District. The District's vehicles shall be used only on District service. A copy of the Lease Agreement is included in this Bid Proposal Package.

DISTRICT BACKGROUND INFORMATION

An LEA should provide descriptive information here about its geographic region, general nature, and size. The LEA should also include information about the history of its pupil transportation service, especially the characteristics of the service it desires. Such characteristics may include the number of routes and/or buses serving the LEA, the number of pupils transported each way daily, the number of miles traveled daily, whether the LEA will provide vehicles and/or a terminal facility, and which facets and types of transportation the LEA is soliciting (i.e., regular home-to-school, special education, and so forth).

BID PROPOSAL CHECKLIST

This page is a critical checklist that communicates to proposers the exact items that must be included in a complete bid proposal.

A complete bid proposal will consist of the following documents:

A. The completed Bid Form
B. Bid security

The above documents should be sealed in a separate envelope from the other materials listed below. The envelope should be marked with the words "Transportation Cost Proposal" and the name of the Proposer. Documents specified in C. through F. below should be sealed in a second envelope, which should be marked with the words "Written Proposal" and the name of the Proposer.

C. Three copies of the completed Bid Proposal Questionnaire

An LEA should request that each Proposer submit a number of copies equal to the number of expected reviewers. By requiring the Proposer to make and assemble the copies, an LEA eliminates any risk or liability of omitting part of the proposal during reproduction.

D. Any proposed changes to the Contract (If no proposed changes are submitted, the District will assume that the Proposer is committed to providing service exactly as described within the Contract. Proposed additions should be highlighted, and proposed deletions should be struck out.)
E. A workers' compensation certificate
F. Evidence of insurability or insurance

BID PROPOSALS MUST BE SUBMITTED TO THE DISTRICT:

By _______ (Time) ____________ (Date)

____
____
____

The District has no legal authority to accept bid proposals after the above-noted time and date. Bid proposals received after that time and date will be returned unopened, without exception.

B. INFORMATION FOR PROPOSERS

This section describes for prospective proposers the requirements and conditions of the bid proposal process. The schedule of events below provides an at-a-glance summary that is useful to the District and to the Contractor. An LEA should enter dates that suit its needs on each line of this schedule, but suggested time periods are included in parentheses.

(1) Schedule of Events

Event — Date

- **REQUEST FOR BID PROPOSALS ISSUED** ______
  (Four to five months before service start if *District* owns vehicles and terminal;
  six to seven months before service start if *Contractor* owns vehicles and terminal)
- Publish Legally Required Advertisements ______, ______, & ______.
  (On issue of RFP)
- Beginning Date of Terminal and Vehicle Inspection Period ______
- Proposer's Conference (Middle of RFP response period) __________
  Time Date
  Location: ________________
  ____
  ____
- Ending Date of Terminal, Vehicle Inspection, and Question Period (24 to 72 hours before proposals are due) __________
- **BID PROPOSALS DUE** (About one month after issue of RFP) __________
  Time Date
  Location: ________________
  ____
  ____
- Notification of Proposers (One to two weeks after due date) Selected for Site Evaluations ______
- Site Evaluations (Immediately after notification) __________ Until ______

- Notification of Intent to Award the Contract ________

- Award of Contract by Board of Trustees (*Public Contract Code* Section 20112 provides for a period of at least five (5) working days following posting of the Notice of Intent.)

- **DATE CONTRACT TERM BEGINS** ________
  (One to two months after award if District owns vehicles and terminal;
  three to four months after award if Contractor owns vehicles and terminal)

(2) Preparation of Bid Proposal

> This information repeats that which was included in the published Notice to Contractors Calling for Bid Proposals. It is included here because this Information for Proposers package is what should actually be sent to proposers, while the notice is simply published as a single sheet.

A complete bid proposal will consist of the following documents:

A. The completed Bid Form
B. Bid security

The above documents should be sealed in an envelope separate from the other materials listed below. The envelope should be marked with the words "Transportation Cost Proposal" and the name of the Proposer. Documents specified in C. through F. below should be sealed in a second envelope, which should be marked with the words "Written Proposal" and the name of the Proposer.

C. Three copies of the completed Bid Proposal Questionnaire
D. Any proposed changes to the Contract (If no proposed changes are submitted, the District will assume that the Proposer is committed to providing service exactly as described within the Contract. Proposed additions should be highlighted, and proposed deletions should be struck out.)
E. A workers' compensation certificate
F. Evidence of insurability or insurance

BID PROPOSALS MUST BE SUBMITTED TO THE DISTRICT:

By _______ (Time) _______ (Date)

____
____
____

The District has no legal authority to accept bid proposals after the above-noted time and date. Bid proposals received after that time and date will be returned unopened, without exception.

The following documents will be considered to be parts of the total specification for bid proposals:

- Notice to Contractors Calling for Bid Proposals
- Request for Proposal Package Introduction and District Background Information
- Information for Proposers
- Bid Form
- Agreement for Furnishing Pupil Transportation (Contract)
- Bid Proposal Questionnaire
- Workers' Compensation Certificate
- Evidence of Insurance or Insurability
- Current Standard Route Times and Mileage
- School Bus Inventory Summary (District Provided or Required of Contractor)
- Agreement for Lease of Buses, Property, and Equipment (if applicable)

(3) Bid Security

A Bid Bond shall be included in the sealed Cost Proposal, and it shall be five percent (5%) of the expected annual contract value. The expected annual contract value may be obtained by multiplying the prices bid for each type of service indicated on the Bid Form by the respective quantities of each type of service that the District has indicated it expects to require. These District service requirement projections may be found on the Bid Form, but they shall not in any way be construed to bind the District. A check is not acceptable for bid security. Bonds of contending proposers will be held for sixty (60) days or until execution of the contract, whichever occurs first, and then returned to the unsuccessful proposers. Bonds from noncontending proposers will be returned after initial consideration of the bid proposals within 30 days after a Proposer is eliminated from consideration. Requirements for bid security are governed by the provisions of *Public Contract Code* Section 20111.

Note that the Agreement for Furnishing Pupil Transportation Services also includes a performance bond requirement.

Alternative: An LEA may choose to require only a cashier's check as bid security.

Pro: Requiring a Bid Bond from a reputable bonding agency ensures an LEA that the Contractor's finances and operations have been reviewed by an objective third party.

Con: Requiring a bond may make it difficult for small businesses or minority/disadvantaged- and women-owned business enterprises to propose in an LEA's procurement.

(4) Withdrawal or Modification of Bid Proposals

Any Proposer may withdraw or modify his or her bid proposal either in person (by initialing any changes in a written proposal or by making written changes to and then resealing a Cost Proposal) or by written request at any time prior to the scheduled closing time for receipt of bids. Any modification to a Cost Proposal must be sealed separately from original or modified written proposals and must be marked as were the original cost proposals, except for the word "modification." No oral or telephonic modifications to any part of a bid proposal will be accepted at any time.

(5) Erasures or Corrections to Bid Proposals

Any erasures and/or corrections to bid proposals, whether executed prior to or subsequent to the original bid proposal submittal shall be authenticated by affixing in the margin immediately opposite the correction the signature of the person or persons signing the bid.

(6) Award of Contract

Suggestions and sample terms are provided in Chapter 12.

(7) Examination of Contract Documents

Proposers shall thoroughly examine and be familiar with the bid proposal package documents. The failure or neglect of any Proposer to receive or examine any contract document, form, instrument, addendum, or other document shall in no way relieve any Proposer from obligations with respect to his or her bid proposal. The submission of a bid proposal shall be taken as prima facie evidence of compliance with this section. The contract documents consist of the following:

- Notice to Contractors Calling for Bid Proposals
- Request for Proposal Package Introduction and District Background Information
- Information for Proposers

- Bid Form
- Agreement for Furnishing Pupil Transportation (Contract)
- Bid Proposal Questionnaire
- Workers' Compensation Certificate
- Evidence of Insurance or Insurability
- Current Standard Route Times and Mileage
- School Bus Inventory Summary
- Agreement for Lease of Buses, Property, and Equipment (if applicable)

(8) Proposer's Conference and Vehicle, Facility, and Equipment Inspection

A proposers' conference has been scheduled for the following time and place:

_______ (Time) _______ (Date)

____
____
____

Additionally, proposers are encouraged to call or write the District to arrange a visit to the District's terminal and to inspect the District's vehicles and terminal in person. Such a visit may be arranged at any time on or before _________.

Proposers may submit questions with respect to any part of this bid proposal package or with respect to the bid proposal process in writing at any time before ________. Written questions and questions asked orally at the conference will be answered in writing by the District, and copies of the questions and answers will be forwarded to all proposers who attend the conference or to whom bid proposal packages have been distributed.

(9) Interpretation of Contract Documents

If any Proposer finds discrepancies in, or omissions from, the Bid Proposal Specifications or Contract documents, he or she may submit to the District a written request for clarification or correction thereof. A copy of the request for clarification and the response thereto, will be mailed to all proposers. Corrections will be made by addendum issued to each Proposer.

(10) Contract Specification Response

Proposers shall submit with their bid proposals the Contract document that they are prepared to execute if awarded the Contract. The Contract must include all numbered paragraphs, modified by the Proposer only to the extent deemed necessary to be acceptable to the Proposer. Failure to submit a modified Contract document with a bid proposal shall be inferred to mean that the Proposer is committed to providing transportation services to the District exactly as specified in the Contract included in these bid proposal specifications.

In the event the Contract document submitted contains terms and conditions different from those set forth in the Contract included with these bid proposal specifications, whether by addition, modification, or omission, the District shall consider those changed terms during its proposal evaluation process. The District reserves the right to reject any bid proposal that includes changes to the Agreement for Furnishing Pupil Transportation Services, which has been included in this bid proposal package.

(11) Evidence of Responsibility

Proposer's responses to questions included in the Questionnaire will be used to evaluate each Proposer's capability to provide proper and satisfactory transportation services as required pursuant to this Request for Bid/Proposal. Upon request of the District, a Proposer whose bid proposal is under consideration for award of a contract may be required to submit additional information to support information previously provided.

It is highly desirable that proposers have at least five (5) years' experience in the pupil transportation business. It is mandatory that proposers and subcontractors, if any, have at least three (3) years' experience in providing regular home-to-school transportation and two (2) years' experience in providing transportation services for special education pupils.

(12) Workers' Compensation Certificate

In accordance with the provisions of Section 3700 of the *Labor Code*, the Proposer shall sign and file with the District the following certificate prior to performing any work under this Contract:

> "I am aware of the provisions of Section 3700 of the *Labor Code* that require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing any work under a contract with the District."

The form of said certificate is included in this bid proposal package.

(13) Evidence of Insurance or Insurability

The bid proposal shall include a copy of one or more insurance certificates (currently held by your firm) which include liability coverage, and collision, property, casualty, theft, and fire coverage. If your firm is selected for a site evaluation visit, you may be required to produce a certification of your firm's insurability.

> An insurance carrier as described in Section 1.4.3. of the Agreement for Furnishing Pupil Transportation Services shall certify its willingness to insure the _________ District, the District's Board of Trustees Superintendent, officers, staff, and employees as described Section 1.4.3 of the Agreement for Furnishing Pupil Transportation Services.

(14) Contractor's Response to the Bid Proposal Questionnaire

Each Proposer must submit three copies of the Bid Proposal Questionnaire with all questions answered with the bid proposal response. This response will be used by the District as described above during the evaluation and selection process. User organizations cited as references may be contacted by the District to determine if the level of service provided to the organization by the Proposer is satisfactory or unsatisfactory. The District may also contact other organizations cited, such as banks, to verify that the Proposer's response is accurate. Proposers are hereby advised that the District maintains the sole and exclusive right to determine whether or not any Proposer is responsible and can provide proper and satisfactory transportation services as defined herein.

(15) Forfeiture for Failure to Execute Contract

In the event that a Proposer is awarded the Contract but fails or refuses to execute the contract within seven (7) calendar days from the date of notification of award, the District may declare the Proposer's bid bond forfeit and may award the Contract to the Proposer whose bid proposal earned the next highest number of points if that bid proposal was not eliminated from consideration after the Initial Review or Site Evaluation stages. The District, alternatively at its discretion, may call for new bids or may decline to award the Contract.

(16) Agreement to Interview Current Drivers

By submitting a bid proposal in response to this request, the Proposer thereby agrees to interview for school bus driver positions all drivers currently serving the District who request interviews.

Pro:	This term demonstrates an LEA's fairness to its employees or those of its current contractor. The provision also helps ensure that service quality does not deteriorate after the Request for Proposal process begins.
Alternative:	An LEA could choose to require that the successful Proposer hire all drivers currently serving the District who request to be hired.
Pro:	Job security can improve morale further and better ensure high-quality service during the RFP process.
Con:	This requirement is a severe restriction on the operating authority of a new contractor. It also can require that the new contractor offer underperforming drivers continued employment.

(17) District Contact Personnel

Questions concerning this request for bids may be addressed to:

____, ____________________,
Name Title

who may be reached at (____)________________.
Telephone

C. DOCUMENTS TO BE COMPLETED

BID PROPOSAL QUESTIONNAIRE

To the Contractor:

The following questionnaire is a part of this Request for Bid/Proposal. The information provided herein will be used for evaluating the qualifications of the Contractor to perform the work to be done. The questionnaire must be filled out accurately and completely and submitted with the other parts of your bid proposal. Any errors, omissions, or misrepresentation of information may be considered as a basis for the rejection of the bid proposal and may be grounds for the cancellation of any agreement executed as a result of the Request for Bid/Proposal.

Where space is not provided for an answer, or your answer will not fit in the space provided, please attach additional sheets marked to identify the question they address. A checklist is provided at the end of the questionnaire that enumerates all questions for which answer space is not provided and which must therefore be answered on attached sheets.

When completed, this questionnaire and the responses contained within it or attached to it shall be considered to be a part of the Agreement for Furnishing Pupil Transportation Services. If you expect your firm's policies or practices to change from those it currently uses if your firm is awarded this Contract, you must make explicit the policies and practices your firm will follow as it provides transportation services to the District.

I. DESCRIPTION OF CONTRACTOR'S ORGANIZATION

A. FIRM

Firm name ______________________________

Address ______________________________

Telephone ______________________________

B. TYPE OF ORGANIZATION

__ Corporation (List officers and positions.)

____

____

____

State in which incorporated ______________________________

__ Subsidiary
(Give name and address of parent corporation.)

____

____

____

Is your firm or a parent firm publicly held?

Yes __ No __

If not, what private individual(s) or family(ies) owns more than twenty percent (20%) of your firm, or who is the general partner, or who is the sole proprietor?

__ Major Shareholder(s)
__ General Partner
__ Individual Proprietor

____

____

____

C. NATURE OF OPERATIONS

1. Is your firm currently engaged in providing home-to-school transportation services under a contract with a school district, nonpublic school, or county superintendent of schools?

   Yes __ No __ Number of years ___

2. List all the transportation permits (city and state) under which you currently operate.

____

____

____

3. Are you currently, or have you ever, contracted to provide pupil transportation services for any school district, nonpublic school, or county superintendent of schools?

   Yes __ No __

4. Are you currently, or have you ever, provided transportation services for special education pupils?

   Yes __ No __ Number of years __

5. For every local educational agency (LEA) or nonpublic school to which your firm currently provides, or has provided within the last two years, pupil transportation under contract, please provide the name and location of the LEA or nonpublic school and the name and phone number of a contact person. If available, please also provide the following data for each LEA or nonpublic school:

   a. Name of your firm's current or last terminal manager at the location and the manager's length of service at that location

   b. Types of transportation services your firm provides under the Contract (regular home-to-school, special education, desegregation, other)

   c. Number of buses involved

   d. Beginning and ending dates of the contract term

   e. Union affiliation (if any) of drivers under the contract

Alternative: An LEA may ask for references only from California.

Pro: Bidders with large numbers of clients will not be overburdened.

Con: If a Bidder only operates outside California, or is performing poorly outside of California, an LEA would not gain useful information if it did not ask for a complete list of references.

LEAs should not allow the bidder to choose only selected references.

II. MANAGEMENT AT THE TERMINAL AND ABOVE

A. The District strongly believes that the individuals holding the positions of Terminal Manager and Coordinator of Personnel, Safety, and Training, whether those positions are held by one or by several persons, are critical to the provision of consistent and high-quality transportation services. For each position, list the candidates proposed for assignment to the District's Terminal. If your firm is awarded this Contract, you will be expected to assign the person you have proposed for each position, unless the District has specifically rejected your proposed candidate. If your firm is awarded this Contract, you may, with the written permission of the District, substitute individuals not named in this proposal.

For every individual you propose as a potential management staff member to be assigned to the District's Terminal, please provide the following information on a separate page:

1. Name and proposed position the person may be selected to fill

2. Tenure with your firm in years

3. Experience in related positions within your firm or with other firms in years

4. Current and two (2) most recent previous positions, including the location/district of the position, the position's title, a description of responsibilities and authority including number of buses and/or drivers, and the dates between which the position was held

B. Please provide a job description for each terminal management position you propose to assign to this contract.

C. Please provide an organization chart of your firm as it would relate to the District's Terminal. (The chart may be hand drawn, but it should give a clear understanding of the number of layers in your firm and the lines of accountability.)

D. Please provide the name(s) of those persons within your firm who would have immediate authority over the Terminal management staff members you proposed in item A. above, and those who may play an advisory role to Terminal management, in the areas of (1) operations; (2) training and personnel; (3) safety; and (4) maintenance. Please provide the following information for each of these persons:

1. Name

2. Location of staff member's office (address)

3. Tenure with your firm in years

4. Experience in related positions within your firm or with other firms in years

5. Current and most recent previous position, including the location of the position, the position's title, a description of responsibilities and authority including number of buses and/or drivers, and the dates between which the position was held

III. DRIVER PERSONNEL

State the number of regular bus drivers you now have employed:

School _________ Other _________

A. How/where does your firm recruit drivers?

B. What methods do you use to screen and select drivers from among the applicants?

What information do you use and how do you gather it?

What criteria or standards do you use, and for what reasons might you reject an applicant?

C. Do you check driver applicant references? Yes __ No __

D. Do you use any objective qualification and driver testing procedures? If so, briefly describe the procedures or provide samples of your testing material.

E. What percentage of driver applicants eventually begin your training programs?

____%

F. What percentage of your driver applicants are hired directly as certified school bus drivers?

____%

G. Are the Department of Motor Vehicles driving records of all your applicant drivers evaluated during the selection process? Yes __ No __

H. What is the current rate of annual turnover among drivers your firm employs?
__%

I. Do you have driver training programs as a part of your current operational procedures?

Original (for persons with no
school bus driving experience): Yes _ No __

In-service (continuing education
and retraining for experienced
school bus drivers): Yes _ No __

J. Describe your current or proposed training program for driver applicants who have no experience driving school buses. Please describe the program components and content of your training program. If available, please provide the outline or course of study.

How long is the program? ________

Are driver applicants paid while they receive training?

Yes _ No __

Do you evaluate applicants immediately before they are tested by California Highway Patrol officers for certification?

Yes __ No __

What proportion of persons entering your program gain certification as a school bus driver within a specified period after entering the program? (You may specify the period, but it may not be longer than one year.)

__% within ________ (period).

K. Describe your in-service driver training and retraining program. Please include the field supervision component in this program and the content of training. If available, please provide the outline or course of study.

How many training sessions are offered each semester at your typical terminal? ___

Are any independent reviews of training quality conducted on your training programs?
Yes __ No __

If so, please describe the reviews.

____

____

____

____

____

How do you identify those drivers for whom retraining will be required?

____

____

____

L. If you currently have a driver training program, does the program include a section on transportation service for special education pupils? (If available, please provide the outline or course of study.)
Yes __ No __

M. Describe your current or proposed driver motivation and discipline programs. How do the programs take into account, if at all: safety, absences, tardiness, on-time route performance, unrestricted license, tenure on the job, and complaints (those which can be verified and are deemed serious).

____

____

____

____

____

____

Do your motivation and discipline programs
offer progressive rewards and penalties? Yes __ No __

Can drivers participate in defining and
developing standards, rewards, and penalties? Yes __ No __

What monetary rewards and penalties are offered?

What *non*-monetary rewards and penalties are offered?

N. Describe the wage structure you would expect to implement at the District's Terminal.

IV. SAFETY PROGRAM AND ACTIVITIES

A. If you have an established, continuing safety program, please describe the operation, contents, and requirements of the program.

____

____

____

____

____

B. How often are safety meetings held? ______________________________

C. Describe any established safety organization activities in which your organization or its key personnel participate.

____

____

____

D. What have been the school bus accident rates and motor vehicle accident rates for school buses operated by your firm in each of the three most recent academic years? (School bus accidents and motor vehicle accidents are defined in the *California Highway Patrol Passenger Transportation Safety Handbook*.)

	School bus accidents per million vehicle miles	Motor vehicle accidents per million vehicle miles
1985/86	________	________
1986/87	________	________
1987/88	________	________
1988/89	________	________
1989/90	________	________

Injury accident rate, if available? ____________

V. PREVENTIVE MAINTENANCE AND MECHANICAL REPAIR

A. Do you have a formal, scheduled preventive maintenance program for the vehicle fleets that your firm manages? Yes ___ No ___

Please provide samples of any checklists you use for each type of preventive maintenance program, and please describe below your methods of ensuring that each vehicle actually receives preventive maintenance within the scheduled interval.

B. In addition to the legally required daily bus checkout report, do you require regular written reports from your drivers on the condition of their vehicle?

Yes ___ No ___

Briefly describe or provide samples of these reports (including your daily bus checkout report form) and note their frequency.

C. Do you use any other methods of identifying defects in buses?
Yes ___ No ___ (If so, please describe.)

D. How do you ensure that, if serious safety-related or potentially damaging defects are identified in a vehicle, the vehicle is immediately removed from service until such defects are corrected?

____

____

____

____

____

How do you ensure that identified defects are generally corrected in a logical order and within a reasonable time?

____

____

____

____

____

____

E. Do you maintain and evaluate records of road failures?

Yes __ No __

F. If so, how many roadway failures per month per hundred buses did the buses maintained by your firm experience, on average, during the past year?

____

G. For what percentage of time, on average, were the buses that you maintain out of service for part or all of each shift (or each day) for inspection, maintenance, repair, or other reasons during the past year?

____%

H. Do you have a manpower or mechanic allotment schedule? (Number of buses per mechanic, etc.) Yes __ No __

Briefly describe this schedule.

____

____

____

I. What qualification and experience requirements do you have for your mechanical personnel?

____

____

____

J. Please attach copies of Safety Compliance reports (California Highway Patrol Form 343, or the equivalent from other states) for each terminal you operate in California. If you do not operate any terminals in California, please attach equivalent reports for the four terminals you operate nearest California.

VI. INSURANCE DATA

If requested, will you authorize your insurance carriers to furnish in writing your accident loss ratio and workers' compensation loss ratio for the past three years?
Yes __ No __

VII. FINANCIAL AND CREDIT DATA

If requested, will you supply the following data?

A. Will you submit credit references, including at least three trade or industry suppliers with whom you regularly deal? Yes __ No __

B. Will you submit on request a Balance Sheet for the years 1986, 1987, and 1988?
Yes __ No __

C. Will you give cash discounts for timely payment of invoices?
Yes __ No __

If so, please specify the terms offered.

____

____

____

VIII. IMPLEMENTATION PLAN

Please provide a plan and schedule for implementing the Agreement for Furnishing Pupil Transportation Services, should your firm be selected as the successful proposer. Your schedule and plan should address:

- Inspection of vehicles, facility, and equipment
- Occupation of terminal facility
- Recruitment/relocation, if necessary, of management and supervisory personnel
- Selection, any necessary training, and employment of drivers
- Employee orientation, especially to the District's routes and schedules

IX. OTHER RELEVANT INFORMATION (optional)

Please provide any other information or data that shows the experience and qualifications of your firm and/or that ensures that your firm will provide consistent and high-quality transportation services to the District. (Attach additional sheets, as necessary.)

Please be sure to make additional copies of any parts of the questionnaire before filling them in. (You need not use the actual questionnaire form, but if you do not, please take extra care to be sure that you have addressed all the questions.)

I, the undersigned, hereby certify that I am a representative of the firm named below, and am duly authorized to execute contracts on behalf of the firm. I further hereby certify that all of the information presented in answer to the questions contained in this Proposal Questionnaire is complete and accurate to the best of my knowledge. I understand that, if the ____________ District awards a Contract for transportation services to my firm, the information and commitments made within this questionnaire will become an effective part of the Contract between the District and my firm.

____
Name of firm

____
(Authorized agent)

Title______________________________

Date ______________________________

BID FORM

The form on the second following page may be used separately for regular home-to-school, special education, or desegregation transportation service. It may be used separately for Contractor-owned buses or LEA-owned buses. It may be used separately for regular year service, extended year (summer school) service, or year-round school service. If the form is used for more than one type of service, each separate copy must be added together to obtain a total annual estimated price for service.

The Basis for Pupil Transportation Payments - The successful proposer's response to an LEA's bid form will be the basis on which the LEA pays for pupil transportation. The model bid form provided here requires that the Contractor charge for service based on the number of hours of service. Alternatives on the following pages require the Contractor to charge for service based on the number of miles of service, based on a combination of hours and miles, or based on the average daily one-way pupil ridership. This sidebar discusses each alternative.

Alternative: Accept bids on the basis of the number of hours of service provided.

Pro: Hourly charges accurately represent many of the costs of service (e.g., labor costs), so that proposers do not face a significant risk of unforeseen costs that must be incorporated into their bid prices.

Con: An LEA may find it difficult and/or expensive to monitor the number of hours of service provided.

Alternative: Accept bids on the basis of the number of miles of service provided.

Pro: Mileage is easy to monitor by checking odometers, and mileage accurately represents vehicle maintenance and depreciation costs.

Con: Mileage does not accurately represent all costs of transportation. A mile in a congested urban area may take 10 minutes, while a mile in a rural area may take only 2 minutes to travel. A proposer uncertain of conditions may set a bid price per mile that reflects the worst case.

Alternative: Accept bids on the basis of a combination of hours and miles of service provided.

Pro: Reflects costs very accurately and, therefore, will likely lead to the most competitive bid prices from proposers.

Con: Very time consuming and/or difficult to monitor.

An LEA may wish to pay for hours and/or mileage on a "live" basis (only while the vehicle is actually carrying pupils), or on a "portal-to-portal" basis (from the terminal through the route and back to the terminal). In either case, the full cost of service will be built into the rates.

Alternative: Accept bids on the basis of per-pupil ridership.

Pro: Can be easy to monitor through schools. Eliminates the Contractor's conflict of interest in designing routes.

Con: Does not represent time or mileage costs accurately; necessitates that an LEA provide detailed pupil counts and addresses to proposers so that proposers can accurately estimate costs per pupil.

Alternative: Pay only for live hours and/or mileage.

Pro: If an LEA will require the Contractor to provide a terminal, then bid prices can be compared among bidders more easily if rates are based on live miles.

Con: Live hours and miles are very difficult to monitor because they start and stop while the bus is on the road.

Alternative: Pay for portal-to-portal hours and mileage.

Pro: If an LEA requires a Contractor to utilize an LEA-owned terminal, portal-to-portal hours and/or miles are logistically much easier to monitor than are live miles and/or hours.

What an LEA Must Do to Prepare This Form Before Sending It to Proposers - An LEA must determine and enter on this form (before sending it to prospective contractors) the number of routes, by bus type, for which it estimates service will be needed. As well, an LEA must estimate and enter on this form the number of days per year for which service will be required. (This form may be used for a regular school year, for summer school, or for year-round school, so an LEA may use several versions of the form to obtain bid prices for service for each of those sessions.) Finally, an LEA must estimate and enter on the form a number of excess hours and/or miles it expects to need. This can be estimated by inspecting the LEA's current daily route schedule, calculating the number of excess hours for each route (positive or negative), summing excess hours for all daily routes, and multiplying that sum by the number of days for which service is needed each year.

BID FORM

Bid prices must be submitted per __-hour bus-day (per __-mile bus-day; or per __-hour, __-mile bus-day), by size/type of bus. A separate bid price for hours (miles; or hours and miles) in excess of that base is to be submitted as well, though this price must be the same for all sizes and types of buses. Please enter these amounts on the form below. The form may not be altered. Each invoice period, total charges for hours (miles; or hours and miles) in excess of base hours (miles; or hours or miles) shall be the sum of the excess amounts for individual buses, minus any offsetting amounts for buses that are used less than the base number of hours (miles; or hours or miles) per day. The proper number of daily hours to be charged for each bus route will be mutually agreed on by the Contractor and the District. The current number and length of routes are described in the "Standard Route Times" section of the Bid Proposal Package. The District reserves the right to require that the Contractor add and delete buses to or from service at the rates specified below. The number of buses required at the start of the Agreement term may be more or less than current service levels. Please note that, as provided in the Agreement for Furnishing Pupil Transportation Services, a cost escalation allowance is made.

Bus Size (Psgrs)	Column (1) Price Per Bus Per Day		Column (2) Approximate Number of Routes		Column (3) Bus Days Per Year		Column (4) Base Annual Cost, by Bus Size (1x2x3)
16/WC	$ ______	x		x	______	=	$ __________
22-36	$ ______	x		x	______	=	$ __________
66-91	$ ______	x		x	______	=	$ __________

Total Annual Home-to-School Base Cost $ __________

You must fill in Column (1) with the prices you bid per base bus day. Please extend that price out for the number of routes per day by bus size and for the number of days per year. The results in Column (4) should be summed to give the total annual home-to-school base cost.

	Hours	Miles
Price Per Hour (Mile) in Excess of Base Hours (Miles): (The District requires that you bid a single price for excess hours (miles), regardless of the type of bus.)	$ ________	$ __________
Multiply by the District's estimated total number of annual excess hours (miles):	X	X
Annual Cost of Excess Hours (Miles):	$ ________	$ __________

Annual Bid Price: (Sum total annual base cost and total annual excess hours (and miles) cost.) $ ____________

BID FORM - Other (Conflicting) Transportation Service

Under the provisions of the Agreement for Furnishing Pupil Transportation Services, the District expects that the Contractor will be responsible for approximately ____ athletic/extracurricular activity trips per year. The District's best estimate of the average length of such trips is ____ miles and ___ hours. These projections shall not be construed so as to restrict the District from requesting more, fewer, longer, or shorter trips. The District expects that initially it will request approximately _____ trips per day that conflict with regular service. If the District requests additional conflicting trips on any day, the Contractor will provide that service to the best of its ability. If the Contractor is not able to provide at least that number of trips on any day, the Contractor shall be responsible for bearing the difference in cost between the rates set out below and the District's cost in obtaining comparable service. It is important to note that other transportation service requires primarily Type I buses. Trips that conflict with regular service will require additional staff beyond the numbers needed to provide regular home-to-school service and will preclude the use of home-to-school vehicles.

	Column (1) Base Cost for 5 Hours	**Column (2) Cost Per Additional Hour**
Price for District-owned Buses:	$ ________	$ ________
Multiply base cost by projected annual number of trips and additional hours:	X	X
Sum	$ ________	$ ________

Total Annual Cost of Extracurricular Service (Sum of columns (1) and (2)) $ ___________

Price for Type 1 Passenger Buses Chartered from Contractor:	$ ________	$ ________

THE UNDERSIGNED HAS READ AND FULLY UNDERSTANDS THE NOTICE TO PROPOSERS, INFORMATION FOR PROPOSERS, SERVICE AGREEMENT, LEASE AGREEMENT, AND ALL OTHER PARTS OF THE BID PROPOSAL PACKAGE.

A BID BOND IN THE AMOUNT OF $ __________ IS ENCLOSED WITH THIS COST PROPOSAL AS BID SECURITY.

Bid Security should equal five percent (5%) of the sum of the total annual cost of all types of service. Each of these costs should be calculated from your bid prices above.

______________________________ Company name	______________________________ Signature of authorized agent
______________________________ Address	______________________________ Business telephone number
______________________________ City, state and ZIP code	______________ Date signed

WORKERS' COMPENSATION CERTIFICATE

In accordance with the provisions of Section 3700 of the *Labor Code*, the Proposer shall sign and submit the following certificate with the transportation written bid proposal:

> I am aware of the provisions of Section 3700 of the *Labor Code* that require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing any work under a contract with the District.

____________________________ ____________________________

Company name Signature of authorized agent

____

Date

EVIDENCE OF INSURANCE OR INSURABILITY

The bid proposal shall include a copy of one or more insurance certificates currently held by your firm that include liability coverage, as well as property, casualty, theft, and fire coverage. If your firm is selected for a Site Evaluation visit, you may be required to produce a certification of your firm's insurability to the following effect:

> An insurance carrier as described in Section 1.4.3 of the Agreement shall certify its willingness to insure the ________________ District, the District's Board of Trustees, Superintendent, officers, staff, and employees as described in that same section of the Agreement.

I, the undersigned, have attached a copy of a certificate of insurance that I attest (1) remains currently in force; and (2) has been issued for the purposes of insuring a school district, nonpublic school, or county superintendent of schools which (who) currently contracts for student transportation services from my firm.

____________________________ ____________________________

Company name Signature of authorized agent

____

Date

D. DOCUMENTS FOR REVIEW

CURRENT STANDARD ROUTE TIMES

ROUTE	BUS SIZE	HOURS	TIME SCHEDULE

An LEA should provide route schedules to bidders so that bidders do not include a "risk premium"; that is, bid a higher price because they are uncertain about service requirements. LEAs should make it clear that the schedule provided is only an example and is subject to change in accordance with the needs and policies of the LEA.

LEASE OF BUSES, PROPERTY, AND EQUIPMENT

(To be used if LEA retains ownership of vehicles, facilities, and/or equipment)

This Lease is made and entered into this ____ day of _________, 199__, by and between
the ____________________________________ District, hereinafter called the "LESSOR,"
and ____________________________________, hereinafter called the "LESSEE."

WITNESSETH:

1. In consideration of a separate Agreement for Furnishing Pupil Transportation Services (Agreement) executed by the parties to this Lease, Lessor does lease to Lessee the property described in the School Bus Inventory and Property Summary, attached and made a part of this Lease.

2. The term of this Lease shall be for a period coincident with that of the Agreement, beginning _______, and terminating on ________. This Lease may be terminated by the Lessor under the same conditions for which the Agreement may be terminated (see Section 1.6 of Agreement), and this Lease may be renewed as may the Agreement.

3. Lessee shall pay costs of all utilities required for Lessee's operations.

4. The property that is the subject of this Lease shall be used by Lessee for the ordinary and usual purposes for which it is designed. During the term of this Lease, Lessee shall be responsible for and shall pay all charges for normal upkeep of said property and shall make, at its own expense, any and all normal repairs and pay for any and all parts and accessories needed to maintain said property in good condition. At the end of aforesaid term or upon any termination thereof, Lessee shall deliver said property to Lessor in as good a condition as when initially delivered to Lessee, reasonable wear and tear excepted.

5. The Lessor shall insure said property against loss by fire, theft, collision, comprehensive, and such other risks as may be appropriate for the property.

6. The Lessee shall insure jointly the liability of the Lessee, Lessor, the ____________ District Board of Trustees, officers, directors, and employees against claims for damage to property or injury to persons. Such insurance shall be in an amount of no less than $5,000,000 combined single limit. In consideration of this Lease, Lessee shall pay the premiums for aforesaid insurance and deliver the policies or certificates evidencing same to the Lessor.

7. This Lease shall not be assigned by either party.

8. Every provision of law and clause required by law to be inserted in this Lease shall be deemed to be inserted herein, and the Lease shall be read and enforced as though it were included.

IN WITNESS THIS LEASE, __________________ District, Lessor, and ______________, Lessee, through the authority of duly authorized agents, have affixed signatures hereto.

_________________________________ ________________________________

Lessor, Authorized Agent Date Lessee, Authorized Agent Date

SCHOOL BUS INVENTORY AND PROPERTY SUMMARY

School Bus Inventory

Bus Number	Passenger Capacity	Year of Manufacture	Make	Mileage

If an LEA retains ownership of the vehicles, facility, and/or equipment that will be used to provide its transportation, it should list and describe those vehicles here. Such data will help proposers to accurately estimate their maintenance costs.

If an LEA requires that the Contractor provide the vehicles that will serve it, the LEA should require that the Contractor submit a summary listing and description of the proposed vehicles and/or equipment on this sheet.

Property Summary

Description of Other Equipment, Tools, and Property to Be Leased

For example:

- Terminal Facility
  - Land, parking lot
  - Buildings
- Large Tools and Equipment
  - Hoists
  - Support Vehicles

AGREEMENT FOR FURNISHING PUPIL TRANSPORTATION SERVICES

An LEA should include the Agreement for Furnishing Pupil Transportation Services here within the Bid Proposal Package that it sends to proposers. The ability to examine the contract document is essential to a contractor's ability to understand, fairly and competitively bid upon, and commit to performing the work needed by the LEA. The Agreement is physically placed in a separate chapter (Chapter 12) of this manual only for purposes of the manual's organization.

Chapter 10
Contract Award Process

This chapter includes a sample text that describes a contract award process. The sample text is provided as a basis for an LEA to use in choosing the language that should be included as Section (6) in the Information for Proposers section of the Request for Bid/Proposal provided in Chapter 9. Exhibit 10.1 presents a summary overview of the contract evaluation and award process. The following sections provide a description of the process and several suggestions for conducting the process.

CONTRACT EVALUATION AND AWARD

The District reserves the right to reject any or all bid proposals and to waive minor irregularities or informalities in any bid proposal or in the bid proposal process. The award of contract, if made by the District, will be made in accordance with the following procedures:

Cost Proposals to Remain Sealed

Cost Proposals will be forwarded to an independent person of the District's choosing who shall verify that sufficient and acceptable Bid Security has been included. That person shall retain the Cost Proposals until the Proposer has been eliminated from further consideration, or until both the Written Proposal Evaluation and Site Evaluation components of the bid proposal evaluation process are complete.

Written Proposal Evaluation

The District will evaluate every written bid proposal submitted. The review will include checks to verify that the workers' compensation and insurance certificates are present and valid. The evaluations will be made by persons selected exclusively by the District Superintendent of Schools. The completed Bid Proposal Questionnaire and all attached information and data will be subject to verification and consideration. As well, the District may contact any references provided by the Contractor, and/or other Districts served by the Contractor, and CHP school bus and motor carrier officers who are familiar with the Contractor. At its option, the District may choose to eliminate a bid proposal from further consideration after the Written Proposal Evaluation if such evaluation determines that the bidder is incapable of or unlikely to meet the District's transportation needs satisfactorily. The District may also choose to reject all bid proposals at this point. For bidders not eliminated, a Site Evaluation rating will be assigned.

Site Evaluation

The District will conduct one or more site evaluations of each Proposer who is not eliminated during the Written Proposal Evaluation process. Site evaluations will be conducted at facilities where the Proposer currently provides transportation services by contract. By submitting a bid proposal, the Proposer thereby agrees to cooperate to the best of its abilities with the Site Evaluation as described herein. The District's evaluators may request to interview any of the personnel managing the terminal at the facility evaluated. If possible, the District will select a site and request interview(s) so as to evaluate one or more of the specific management personnel proposed for the District's Terminal in the Proposer's Bid Proposal Questionnaire. For bidders not eliminated, a Site Evaluation rating will be assigned.

During the Site Evaluation, District evaluators may request or discuss the types of information described in the "District Monitoring Program Statement" or in the "Service Input Screening Statement" included within this bid package. Each Site Evaluation will be accomplished within one-half of one day and will take place between ________ and _______. Site evaluations will be made by person(s) selected exclusively by the District Superintendent of Schools. At its option, the District may choose to eliminate any or all bid proposals from further consideration after the Site Evaluation.

Cost Evaluation

For any proposers who are not eliminated from consideration after the Site Evaluation, the District will open the sealed Cost Proposal and calculate an expected annual contract value (price). Based on the bid prices, the District will assign a cost evaluation rating.

Contract Award

The District intends to award the Contract on or before ____. The award shall be made to the bidder rated most highly overall during the written proposal, site evaluation, and cost evaluation stages. An intent to award notice will be issued. No fewer than five (5) working days later, the Contract will be awarded and executed in the absence of an unresolved appeal. As noted elsewhere in this document, failure or refusal to execute the Agreement for Furnishing Pupil Transportation Services within seven days of the award will render the Bid Bond forfeit. In such a case the District will enter negotiations with the next most highly rated bidder.

Appeal of Contract Award

Bidders who were not eliminated at either the written proposal or site visit stages of the bid/proposal evaluation process may appeal the contract award during the five (5) working days following issuance of the notice of intent to award. Such appeal will be judged by the ______ ____ District Superintendent of Schools.

Post-Award Negotiation

The District will neither solicit nor accept "best-and-final" offers. Accordingly, bidders are expected to present their best price in their initial bid proposal submittal.

After issuing an intent to award notice, the District reserves the right to negotiate changes in the scope of work that do not exceed ten percent (10%) of the initial price bid. If the District finds that the scope of work has changed such that this ten percent (10%) adjustment is insufficient, then the District will rebid the Contract. In the case of such a rebid, the District may, at its option, choose to accept new bids only from those contractors that were not eliminated during either the Written Proposal Evaluation or the Site Evaluation stages of the bid evaluation process.

Exhibit 10.1

Suggestions for Evaluating Bids and Awarding the Contract

The suggested text above does not present hard and fast criteria for judging bid proposals. An LEA must develop its own criteria to judge the answers to questionnaire questions; reference check results (information about the bidder from other LEAs, and from CHP school bus or motor carrier officers); and site visit findings. (Exhibit 10.2 provides a potential outline of activities for these site visits.)

The reason that an LEA must develop these criteria is that each question, reference, and site visit aspect may have a different importance to an LEA than to other LEAs in the state. An LEA must be sufficiently aware of its needs and the characteristics of its operation to determine the suitability of each contractor to the LEA.

By evaluating written proposals, checking contractor references, and visiting sites where bidders currently perform transportation services, an LEA is ultimately determining whether each bidder is responsible. If at any stage an LEA determines that a bidder is not responsible given the evaluation results and the LEA's needs, that bidder should be eliminated.

After bidders have been eliminated during the written proposal and site visit portion of the evaluation process, the Contract may be awarded to the remaining bidder who offers service at the lowest cost. An LEA may wish to choose a different award criteria. For example, you may choose to award the Contract by weighting the Written Proposal Evaluation 40 percent, the Site Evaluation 30 percent, and the Cost Evaluation 30 percent. If you do so, be sure to have your legal counsel (County Counsel, District Counsel, or private attorney) review your award method. Section 39802 of the *Education Code* and Section 20110 et seq. of the *Public Contracts Code* govern this issue.

The persons an LEA chooses to evaluate the bid proposals should include at least one who is thoroughly familiar with pupil transportation, one who is experienced in business management, and ideally one who is experienced in contract administration. Finally, LEA personnel with a conflict of interest should have the opportunity to remove themselves from the contract award process.

Exhibit 10.2
Site Visit Evaluation Activities

Review Personnel Records.
Absence Rate
Turnover
(Trainee success gaining certification)
(Driver evaluations)
(Driver credentials)

Review Operating Records.
Damage assessments by the client
Complaints and complaint response

Review Maintenance Records.
Daily bus checkout
Maintenance inspection intervals
Buses out of service
CHP terminal inspection
CHP bus inspections
(Repair of identified defects)
(Road calls)

Interview Terminal Management and Contractor Upper Management.
Terminal manager
Training and personnel coordinator
Dispatcher
Immediate operational superior to terminal manager

Interview Drivers.

Interview District Contract Administration Staff.

Check Contractor References.
Districts not selected for the site visit
Other contractor clients (e.g., public transit)
Professional associations, government agencies, etc.

Assess Any Other Indicators of General Effectiveness, Efficiency, and Quality of Contractor Operation.

Chapter 11
Contract Administration and Monitoring

This chapter presents suggested methods and practices for administering and monitoring a contract with a contractor to provide pupil transportation services. Specifically, it discusses contractor communications and relations and identifies techniques for evaluating a contractor's performance.

CONTRACTOR COMMUNICATIONS AND RELATIONS

Regular communications between an LEA and its contractor for pupil transportation services are critical to the success of the contracting relationship. In the review of the pupil transportation contracting relationships performed during the development of this manual, the most important attribute common to satisfied LEAs and effective contractors was a relationship of openness and trust between the LEA's contract administrator and the contractor's terminal manager. As with a personal relationship, key ingredients are clearly defined expectations, prompt notification of problems or concerns, and good faith efforts to correct those problems and to address those concerns.

Consistent with these observations, an LEA should take a forthright and open approach to contract administration and monitoring. Administration and monitoring activities should include the following:

- Identify LEA concerns and notify the contractor of those concerns at a stage when they can be easily addressed.
- Assist the contractor to more efficiently and effectively meet LEA needs.
- Relay public, parental, school, and other transportation-related concerns to the contractor.
- Verify that the contractor is fairly paid for services rendered.

To promote the clear expectations and a mutual understanding of the level and scope of monitoring planned by the LEA, this manual suggests that the LEA include a description of planned monitoring activities within the RFP document used by the LEA to solicit contractors who can provide pupil transportation services. Such monitoring is described in Section 2.8 of the model contract in Chapter 12 of this document.

CHOOSING, GATHERING, EVALUATING, AND ACTING ON CONTRACTOR'S PERFORMANCE DATA

Each LEA must choose performance measures, gather data related to these measures, evaluate the data, and act on those measures to serve the LEA's needs and purposes. As well, the LEA may choose to observe and act on inputs used by the contractor to provide the transportation service. An LEA may wish to use these measures and observations to:

- Assist in resolving problems before they become unmanageable.
- Identify and encourage good performance on the part of the contractor.
- Indicate to the contractor which levels of performance are acceptable to the LEA and when performance has fallen below those levels.
- Ensure that the contractor's motive to maximize profits does not jeopardize the quality of service.

Depending on the LEA, the size and complexity of the operation, and the contractor, an LEA may choose a very detailed or a rather limited level of contract monitoring. This guide describes a very thorough level of monitoring. For that reason, an LEA may choose to use all or only some of the monitoring methods described herein.

If an LEA does not feel the need to monitor a performance measure, is not able to monitor a measure, or is not able to act on a measure, that measure should not be described in the LEA's RFP or contract. There is an expense to the contractor in collecting and maintaining performance data, and that cost will be needlessly incurred and passed along if the LEA is not interested in monitoring or making use of a performance measure.

Performance Measures Similar to Those Described in Chapter 5

The performance measures described in Chapter 5 are useful for monitoring contractor-provided service as well as for managing LEA-provided service. Those measures will give the LEA a picture of the general service quality, the safety level, personnel issues, and equipment-related performance.

Frequency of Performance Monitoring

There is a tradeoff between monitoring performance so frequently and closely as to disrupt or inconvenience the contractor and damage the LEA-contractor relationship and monitoring so infrequently and poorly as to leave the LEA at risk of receiving poor performance. As with choosing the type and number of performance measures, the choice of monitoring frequency depends on the individual LEA and its relationship with its contractor. An LEA might choose to monitor performance measures every day, every week, every month, or even less frequently. In addition, an LEA might choose to gather performance data concerning every route, driver, or vehicle, or the LEA may choose to gather data only for a limited sample of routes, drivers, vehicles, or other unit of measure.

Monitoring should generally be performed more frequently, more thoroughly, and for more performance measures:

- At the beginning and toward the end of a contract term
- In larger LEAs
- In LEAs where there has been some history of performance problems
- In LEAs where the community may be particularly sensitive to pupil transportation issues

Generally, the very existence and regular use of a monitoring and administration program is important to serving an LEA's needs and interests. Whether measures are gathered and analyzed daily, weekly, or monthly is not as important. Monitoring should be performed frequently enough to identify emerging issues and concerns before they become big problems.

Monitoring Methods

An LEA may choose to have its own employees administer and monitor the contract, or the LEA may engage a third party as a contract monitor. The following paragraphs describe each option.

IN-HOUSE CONTRACT MONITORING

An LEA, depending on its size and needs, may use its staff to gather and act on performance data as well as monitor the contractor's charges. Similarly, the LEA may assign these tasks to a person with other responsibilities such as business management or school maintenance and operations.

INDEPENDENT, THIRD-PARTY MONITORING

An LEA alternatively may wish to engage an outside adviser to monitor the contractor's performance. Outside advisers might include a pupil transportation specialist (perhaps from a neighboring LEA), a consultant, or a lawyer. The California Association of School Transportation Officials or the California Association of School Business Officials may be able to help an LEA find such a third-party contract monitor.

Sources of Performance Data

Performance data may be obtained from a broad variety of sources. Keep in mind that some sources will be more objective than others, and some sources will be more accurate than others. Sources of data include:

- Observation by the LEA contract administrator
- On-demand inspection
- Contractor's reports and records
- Public- or customer-reported complaints, compliments, and surveys
- Automatic recording devices
- Law enforcement/other governmental agency records and activities

Criteria for Performance and Action Based on Performance Data

By measuring performance, whether that of a contractor or that of LEA employees, the transportation manager implies that he or she distinguishes between different levels of performance and takes different actions depending on the different levels of performance. For example, by recording the number of late runs, a manager implies that a certain number of late runs is too many. "Too many" may be one each week, or three percent (3%), or simply a number that the transportation director "judges to be too large." The distinction of a level of performance for which some action is taken is called a criterion herein.

A transportation manager's reaction to "too many" late runs may consist of no action, an oral or written reprimand, a suspension (for employees only), a monetary penalty, or other actions related to the employee or the contract. Alternatively, if performance is good, as measured against a criterion, the manager may do nothing, offer oral or written praise, offer monetary or nonmonetary bonuses or incentives, promote an employee, or seek to renew or extend a contract.

MERITS OF VAGUE AND SPECIFIC CRITERIA

The performance criteria used by a manager may be objectively defined or they may be defined judgmentally by the manager. The criteria and incentives or penalties may be rigidly applied, or they may be applied judgmentally by the manager. Objective criteria and rigid application of incentives and penalties allow everyone involved to clearly understand expectations and the consequences of good and poor performance. On the other hand, vague criteria and judgmental application of incentives and penalties leave the manager more flexible to react to unexpected situations and to tailor actions to specific situations that arise.

ESTABLISHING SPECIFIC CRITERIA

For many performance measures, no specific industry standards have been established as performance criteria. In these cases the LEA may choose to take action based on performance in comparison to historic performance levels or to performance levels in similar LEAs. As well, a transportation manager may simply use his or her judgment to set a specific criteria. During interviews that were conducted as this manual was being prepared, few LEAs were found to maintain performance data or to have set specific performance criteria. The standard performance measure categories suggested in Chapter 5 may allow better and more consistent historical data to be created so that future criteria can be set more appropriately.

A few performance criteria are legally established. For example, school bus operators must possess valid school bus certificates, and mechanics must perform preventive maintenance inspections every 45 days or 3,000 miles. In these cases the criteria are clear and objective, and the action based on the criteria is clear and rigidly defined. A driver without a valid certificate may not drive a bus with children, and an uninspected bus may not be used to transport children.

INCENTIVES AND PENALTIES

To manage their pupil transportation service contracts, some LEAs have used incentives and penalties as a means of encouraging good performance by a contractor. Some of the points made by proponents of the use of incentives and penalties in pupil transportation service contracts include:

- Incentives and penalties really do encourage good performance and discourage poor performance and do so in the place the contractor notices most--the bottom line.
- An LEA can use incentives or penalties to effectively draw the contractor's attention to a problem, without assessing the penalty on every possible occasion.

Those who do not like incentives and penalties make the following points:

- Penalties and incentives that are comprehensive enough to be thorough are too complex to apply.
- The expected cost of any penalties may simply be included in the contractor's bid price, so that the LEA does not really save the money.
- Use of penalties may discourage contractor personnel and damage morale.
- Incentives and penalties have little direct effect on the performance of individuals actually managing the contractor's terminal unless those persons receive compensation or other rewards or penalties based in part on incentives and penalties assessed by the LEA.

The model contract included in Chapter 12 only includes three monetary penalties. Using it, an LEA can assess liquidated damages to reduce payments to the contractor for early or late runs, using buses that are unfit for service, and having drivers not wearing a uniform. As well, the contract requires that the LEA pay damages to the contractor if an extracurricular trip is canceled on short notice. The model contract also provides for nonmonetary penalties, including the authority to remove personnel or equipment from service and, ultimately, termination of the contract. The model contract does not include any monetary incentives beyond payments for service provided for in the successful bidder's bid, but it does offer the incentive of contract renewal.

DUE PROCESS FOR CONTRACTOR

Before any punitive action is taken against the contractor, the LEA should make provisions to explain the penalty and the reasons for it. The contractor should also be provided with fair opportunity to explain his or her side of the story and present any supporting evidence. Should a dispute remain, senior-level LEA and contractor officials should attempt to resolve the issue. Finally, if the issue is significant and still unresolved, arbitration should be sought, per contract provisions.

Monitoring Invoices and Reconciling Invoices with Service Received

An LEA that contracts for transportation services should make a regular practice of reconciling the invoices submitted by the contractor with the services received by the LEA. This reconciliation should compare the LEA's standard scheduled number of bus days, excess hours, and excess miles with those for which the contractor charges the LEA. Differences between the two totals for any given invoice period should be resolved by documentation from the contractor as to the actual buses, hours, or miles and an explanation of the variance from schedule.

Sources for Further Guidance, Research, and Assistance in Making and Executing Contracting Decisions and Administering Contracts

An LEA with a need for specific additional assistance may find that assistance by contacting:

- California Department of Highway Patrol,
  Enforcement Services Division, P.O. Box 942898,
  Sacramento, CA 94298-0001; telephone (916) 445-3253

- California Association of School Transportation Officials (CASTO)

- California Association of School Business Officials (CASBO)

- California School Bus Contractor's Association (CASBCA)

- State Department of Education, School Transportation Unit,
  P.O. Box 944272, Sacramento, CA 94244-2720; telephone (916) 322-4879

Chapter 12
Model Agreement for Furnishing Pupil Transportation Services

This model contract has been constructed to meet the basic needs of an LEA that chooses to contract for one or more facets of pupil transportation. It is organized so that an LEA can select general terms that apply to most contracts as well as more detailed contract language that relates to specific local conditions. Further, the model contains sidebars (gray boxes) that highlight the purpose of certain contract terms. The sidebars also describe the advantages, disadvantages, and costs of including those terms in a contract that an LEA ultimately uses. Finally, Appendix F of this Guide contains additional contract terms that may be useful to LEAs with larger or more complex operations. These additional terms are referenced and briefly described in the same sidebars throughout the basic contract. The Contract is divided into two major parts:

1. General Provisions
2. Contractor's Obligations

A diskette is available for this guide that contains this RFP, contract evaluation and award language from Chapter 11, the Model Agreement for Furnishing Pupil Transportation Services from Chapter 12, and Supplementary and Alternative Contract Terms from Appendix D of this guide. The diskette contains several common word-processing formats, so as to enable LEAs to easily modify and customize the documents.

To obtain a copy, write:

Office of Financial Management Practices and Standards
California Department of Education
560 J Street, Room 590
P.O. Box 944272
Sacramento, CA 94244-2720
Attn: Pupil Transportation Guide Diskette

Please be sure to specify the diskette format: 5¼" or 3½", DOS or Macintosh.

The General Provisions section is applicable to most types of transportation-related contracts.

GENERAL PROVISIONS

1.1. Contract Duration and Characteristics
1.2. District-Contractor Communications and Billing
1.3. Legal Interpretation Provisions
1.4. Contractor's Status
1.5. Ethics Provisions
1.6. Termination

The Contractor's Obligations section defines the scope of work and, therefore, it must be tailored to the needs of each LEA using the model. The Contractor's Obligations section contains:

CONTRACTOR'S OBLIGATIONS

2.1. Management
2.2. Operations, Routing, and Scheduling
2.3. School Bus Driver Requirements
2.4. School Bus Driver Training Requirements
2.5. Ownership of Vehicles
2.6. Maintenance
2.7. Facilities, Equipment, and Supplies
2.8. Contractor's Records and Reporting Requirements
2.9. District's Rights and Responsibilities

Appendix D is organized similarly, although it does not contain terms for each heading.

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MODEL AGREEMENT FOR FURNISHING PUPIL TRANSPORTATION SERVICE

The ____ DISTRICT (District), located at

____

____

____

and the successful bidder, ____ (Contractor), located at

____

____

____

mutually agree as follows:

1. GENERAL PROVISIONS

1.1. CONTRACT DURATION AND CHARACTERISTICS

1.1.1. Term

The term of this Agreement shall be for the three-year period beginning ______, and ending ___________.

A three-year term may not suit an LEA's needs.

Alternative:	An LEA could use a longer term (No longer than five (5) years legally).
Pro:	Contractors may bid more competitively for longer term contracts because they are able to amortize fixed costs over a longer period. This is especially true if the contractor must provide vehicles or a terminal facility.
Con:	An LEA that is unhappy with a contractor may have trouble canceling a contract before the end of its term. A shorter contract is more flexible.
Alternative:	An LEA could use a shorter term. Advantages and disadvantages for a shorter term (e.g., one year) are the reverse of those for longer terms.

1.1.2. Renewal Provisions

This Agreement may be renewed prior to completion of the initial term by mutual agreement of the District and Contractor as authorized by law (Beginning with *Education Code* Section 39800.)

Renewal provisions make it easier to retain a good contractor but may not ensure the competition that can minimize costs during the renewal period.

In Appendix D additional terms are provided that can clarify when renewal may not be appropriate.

1.1.3. Cost Indexing

Each component of the successful vendor's bid on the Bid Form shall be adjusted annually by the change in the ____________ price index for the preceding annual period. The first such annual adjustment shall be made on ______.

Pro: Adjusting the price for inflation will encourage contractors to bid more competitively by reducing their risks, especially for a long-term contract.

If an LEA chooses to adjust the contract price for inflation, it should specify the inflation index on which adjustments will be based. The United States Bureau of Labor Statistics gathers price information for many specific regions within California and can provide the name of an index that an LEA may specify in its contract. In northern California the Bureau of Labor Statistics can be reached at (415) 557-2184. In southern California the Bureau can be reached at (213) 252-7521.

Alternative: Require a fixed bid price over the term of the Contract. This may be effective for a short term (one or two year) contract. It forces the contractor to assume the risk of inflation, but the cost of that risk will be passed on through higher bid prices.

Alternative: Negotiate any adjustments each year. This is a compromise between a fixed price and an automatic adjustment. Contractors will still perceive a risk, however.

1.1.4. Unusual Cost Increases

In the event of any unusual circumstances, such as an unforeseeable change in local, state, or federal taxes, laws, or regulations, then the parties to this agreement shall negotiate a reasonable and just amount to cover such increase, and the rates set in the successful bid shall be accordingly adjusted.

An LEA's decision on whether to use this term should depend on whether the LEA wants to accept risk itself (include the term) or wants to pay the contractor to accept the risk of unusual cost increases (do not include the term).

1.2. DISTRICT-CONTRACTOR COMMUNICATION AND BILLING

1.2.1. District-Contractor Liaison

The District Superintendent or his/her designee shall be the primary liaison with the Contractor.

Smaller LEAs may not need a full-time transportation director.

Alternative:	Another District officer, such as the chief business officer, or the maintenance and operations supervisor, or an assistant superintendent, should be assigned primary contract liaison responsibility.
Alternative:	An LEA may choose to hire a third party contract administrator to perform ongoing or periodic contract monitoring and enforcement.
Pro:	A transportation expert can be hired to review contractor performance at a small cost relative to a full-time district employee.
Con:	If an LEA does not have a full-time or part-time contract administrator on staff, it may not become quickly aware of problems that arise. As a result, response to problems may be delayed.

1.2.2. Provision for Notice

All notices to be given by the parties hereto shall be in writing and served by depositing same in the United States Post Office, postage prepaid and registered.

Notices to the District shall be sent to:

______________________________________ District,
____
____

Attn: ________________________________

Notices to the Contractor shall be addressed to:

____
____
____
____

1.2.3. Bill Format

Charges for home-to-school transportation service shall be based on the bid price schedules submitted by the Contractor. Charges shall be made based on the hours between the time each bus leaves the terminal and the time the bus returns to the terminal. Charges shall be made only for service on school days and "dry run" days or other days specifically authorized by the District.

A fairer or more accurate charge basis may include both hours and miles, or it may be based on the number of pupils transported. Bid price schedules in the model RFP contain details.

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1.2.4. Invoice Documentation and Exceptions

A properly documented invoice must be supported by summaries of routes operated, by route number, and of total base and excess hours charged. Such summaries must be submitted weekly. If the hours charged for any route exceed the standard number of hours scheduled for that route, the Contractor shall submit a justification to the District contract liaison or with the invoice.

A larger LEA, or one which wants more control and which can spend the time required to monitor charges more thoroughly, may require further documentation with invoices.

Alternative: In Appendix D Section 1.2.4 contains language that requires a daily bus report detailing stop times and odometer readings.

Alternative: Automated "tach-o-graph" recording devices can measure time, speed, distance, and other data that may be used as a basis for charges.

An LEA that chooses miles or pupil counts as a basis for charges may require regular or summary reports of data for those items.

1.2.5. Billing Frequency/Time for Payment/Discount for Prompt Payment

The District shall pay the Contractor for services provided hereunder on a monthly basis. Payment shall be made within ________ calendar days of receipt of a properly documented invoice. Payment shall be adjusted by any incentives, liquidated damage assessments, and discounts for prompt payment as provided for elsewhere within this Agreement or within the Contractor's Proposal.

1.2.6. Total Consideration for This Agreement

Total consideration for this Agreement includes payment at rates contained on the Contractor's bid form, the lease to the Contractor at no separate charge of District-owned buses, and the lease to the Contractor at no separate charge of the District-owned terminal, shop, and shop equipment as described in the Facility Lease Agreement.

1.2.7. District's Obligation and Nonappropriation of Funds

The District's obligation is payable only and solely from funds appropriated for the purpose of this Agreement. All funds for payments after _________ are subject to appropriations for this purpose in the final adopted budget. Payments during subsequent fiscal periods are dependent on the same action. If sufficient funds for the next succeeding fiscal year's payments are not appropriated, then the affected service shall be terminated as of _________ of the current fiscal year, and the District will be relieved of all obligations to the extent that funds are not appropriated. The District shall notify the Contractor in writing of such nonappropriation at the earliest possible date.

1.3. LEGAL INTERPRETATION PROVISIONS

1.3.1. Incorporation by Reference

The entirety of this Agreement shall be made up of a number of documents. The following documents are therefore hereby incorporated into this Agreement:

- Text of this Agreement
- Bid Proposal submitted by the Contractor, including the completed Bid Form and the completed Proposal Questionnaire
- Information for Proposer's package
- Workers' Compensation and Insurability Certificates

1.3.2. Failure to Enforce a Default or Other Right

The failure by either party at any time to enforce any default or right reserved to it, or to require performance of any of the terms, covenants, or provisions hereof by the other party at the time designated, shall not be a waiver of any such default or right to which the party is entitled nor shall it in any way affect the right of the party to enforce such provisions thereafter.

1.3.3. Definitions

"Conflicting" Trip: A trip shall be defined to "conflict" with regular home-to-school service if: (1) the trip requires travel at times during which all suitable District-owned buses are performing home-to-school routes; and/or (2) the trip lasts so late at night that a driver could not perform regular home-to-school service and the trip without exceeding the legal maximum of 16 hours on duty; and/or (3) the trip lasts so late at night that a driver could not spend the legally required minimum 8-hour uninterrupted period off duty before starting a home-to-school route the next day.

District: As used in this Agreement, "District" shall be construed to include the ____________________ District Governing Board, the Superintendent of Schools, and all officers, agents, and employees of the Board and Superintendent.

Driver: A "regular" driver is one who is assigned to a daily route. A "standby" driver is one who is paid to report to work daily but who is not assigned to a route; e.g., one who regularly covers routes for absent drivers. An "on-call" driver is one who does not report to work each day but who may be called to drive on short notice. The term "substitute" refers to all nonregularly assigned drivers; e.g., both standby and on-call drivers.

Route: The complete daily assignment of a single bus, made up of one or several runs.

Run: The picking up of pupils at their home bus stops and delivering them to the school, or the picking up of pupils at their schools and returning them to their home bus stops, or a cocurricular trip. For example, a single bus may make several runs in conveying students to and from school during the course of a day. These several runs comprise a single route.

Generally, the terms of this Agreement shall be defined as the same terms that have been defined in the *California Education Code* and the *Vehicle Code*.

1.3.4. Contract Interpretation

Should any questions arise as to the meaning and intent of this Agreement that cannot be settled within 30 calendar days, the matter shall be submitted for resolution to a committee made up of one person selected by the District and one person selected by the Contractor. If the persons so selected are unable to agree on a resolution within 15 calendar days following such selection and appointment, said persons shall agree on a third person whose decision will be final and binding on all parties to the dispute. The decision of the impartial arbitrator shall be rendered within 20 calendar days from the date of submission. The costs of arbitration shall be borne by both parties equally.

1.3.5. Severability

Should any part of this Agreement be struck down or found illegal or impermissible for any reason, that part alone shall be severed, and the remainder of this Agreement shall remain in force.

1.3.6. Amendments to This Agreement

This Agreement may be amended by mutual Agreement of both parties. Amendments may be proposed by either party in writing and delivered to the address provided for notices elsewhere in this Agreement. Such amendments shall take effect on signature by the original signatories to this Agreement or their designees.

1.4. CONTRACTOR'S STATUS

1.4.1. Performance Bond

The successful Proposer shall furnish a standing Surety Bond from a bonding agent acceptable to the District in the amount of 100 percent of the expected annual billing under this Agreement as forecast by the District.

An LEA may choose to forgo a performance bond after the first year of a multi-year or renewal contract. If the LEA does so, it should require that the Contractor refund the cost of the bond in a lump sum.

Alternative:	An LEA may choose to accept a cashier's check or cash in lieu of a performance bond.
Pro:	Small businesses and disadvantaged/minority/women-owned businesses may have difficulty obtaining a performance bond. An LEA that wishes to encourage these businesses to bid for the contract may need to relax the performance bond requirement.
Con:	A reputable bonding agency will conduct an objective investigation of the bidder's ability to carry out the contract, helping to ensure that an LEA will receive uninterrupted service. An LEA forfeits this benefit by relaxing the performance bond requirement.

1.4.2. Permits and Licenses

The Contractor shall secure and maintain in force such licenses and permits as are required by law for furnishing the service herein specified and shall comply with and observe all provisions of state law, including but not limited to provisions of the *California Vehicle Code*; the *Education Code*; and directives and regulations of the State Board of Education, the Office of the County Superintendent of Schools, and any other governmental agency, relative to the transportation of pupils.

1.4.3. Insurance Requirements

The Contractor shall maintain insurance satisfactory to the School District and as set forth below during the term of the Agreement. The Contractor shall furnish evidence thereof to the School District not less than thirty (30) calendar days before new or renewed coverage is required. Such evidence shall be in the form of a certificate of insurance issued to the District, shall include a minimum sixty (60) day notification to certificate holders of cancellation or change in the policy, and shall be extended to include as additional insureds the ______________________ District, and the ____________________ District Governing Board, Superintendent, and all officers and employees of the District, Board, or Superintendent.

Alternative: An LEA may wish to add a requirement that the proposed insurance providers be recognized by the California Department of General Services, Office of Insurance and Risk Management, as an approved provider.

1.4.3.1 - PUBLIC LIABILITY INSURANCE

The Contractor shall maintain such public liability insurance as will protect the Contractor from any claims for damages for personal injury, including death, and damage to property that may arise from operations under or about this Agreement. Such liability insurance shall:

- Be maintained in the amount of $5,000,000 combined single limit.
- Specify that its coverage is primary.
- Be underwritten by a carrier acceptable to the District.

Alternative: An LEA may choose a higher or lower liability limit. If smaller buses carrying fewer pupils are used, a smaller limit may be acceptable. If insurance costs in the LEA's geographic region are reasonable, a higher limit may be desired.

Alternative: An LEA may choose to specify a minimum standardized rating for an acceptable insurance carrier (e.g., a Best's Rating).

1.4.3.2 - WORKERS' COMPENSATION INSURANCE

The Contractor shall maintain such workers' compensation insurance as will protect the Contractor from claims that may arise from operations under the Agreement with the School District.

1.4.3.3 - PROPERTY INSURANCE

The Contractor shall maintain such property insurance covering vehicles, the terminal with its shop buildings and land, and related personal and real property. Such insurance shall be sufficient at minimum to repair or pay the depreciated value of the damaged property.

> This provision is most appropriate for LEAs that own their own vehicles and facilities. If the Contractor owns the vehicles and facilities, the Contractor bears these risks, but the provision may still help ensure that the Contractor is able to continue providing service to the LEA in the event of major property damage.

1.4.4. Hold Harmless/Indemnification Agreement

The Contractor shall hold harmless and indemnify the District, the Governing Board, the Superintendent, and their officers and employees from every claim or demand, including the costs of legal defense, by reason of:

1.4.4.1 - INJURY TO THE CONTRACTOR'S EMPLOYEES OR TO THE DIRECT OR INDIRECT CONTRACTOR'S EMPLOYEES

Any injury to person or property sustained by the Contractor or by any person, firm, or corporation employed directly or indirectly by the Contractor in connection with the Contractor's performance under this Agreement, however caused.

1.4.4.2 - INJURY CAUSED BY THE CONTRACTOR'S EMPLOYEES OR BY DIRECT OR INDIRECT CONTRACTOR'S EMPLOYEES

Any injury to person or property sustained by any person, firm, or corporation, caused by any act, neglect, default, or omission of the Contractor, or by any person, firm, or corporation directly or indirectly employed by the Contractor in connection with the Contractor's performance under this Agreement.

1.4.5. Force Majeure

The Contractor shall be excused from performance hereunder during the time and to the extent that it is prevented from performing in the customary manner by acts of God, loss of transportation facilities, or commandeering of materials, products, plants, or facilities by the government, when satisfactory evidence thereof is presented to the District.

In the event of a strike, lockout, or other labor disturbance that interrupts service, the Contractor shall be excused from full performance hereunder only if the Contractor makes good faith attempts to obtain and utilize qualified personnel to satisfy the terms of the Agreement. The Contractor must have demonstrated to the District that it exercised reasonable and good faith efforts to avert the labor action and to attempt to settle the dispute so as to prevent any interruption of services to the District.

1.4.6. Permissibility of Subcontracts

The Contractor may subcontract with other qualified transportation firms to provide a portion of the transportation service required hereunder only with prior written approval from the District.

If a Contractor proposes to subcontract, a current California Highway Patrol rating report and a certificate of insurance evidencing the required liability coverage shall be provided for each subcontractor.

The Contractor shall be responsible for all activities related to this Agreement, whether the Contractor or a subcontractor performs them, including but not limited to monitoring of adherence to routing and scheduling requirements, safety programs, driver education, reporting requirements, insurance requirements, invoice preparation, and payments to subcontractors. The Contractor is expressly responsible for all facets of the operations and performance by any subcontractors.

An LEA may wish to require that, before any subcontract is let, the contractor post a bond as surety that the contractor will, in good faith, pay the subcontractors for the goods and/or services provided by those subcontractors.

Pro:	If the contractor fails to pay the subcontractor because of the contractor's insolvency or for any other reason, such a bond can protect the LEA from claims against its assets by the subcontractor.
Con:	A contractor that plans to subcontract for goods or services will add the cost of such a bond into the bid price.

If such a bond is required, it should be in an amount approximately equal to the annual value of the subcontract. An LEA requiring such a bond may choose to establish a level of materiality for subcontract values below which no bond is required. For example, an LEA may choose not to require a bond for subcontracts of less than $25,000 or for subcontracts with a value of less than 5 percent of the total contract value.

Since the LEA must give a subcontract prior written approval, the LEA must be sure that the subcontractor is subject to the same requirements as the contractor, including approval of employees. It is important that the district's policies regarding drug testing, criminal background checks, and removal from service are consistently applied to anyone who provides services under the Agreement because of the exposure to liability. The subcontractor must be aware of the district's "zero-tolerance" policy, and that policy must be applied to subcontractors who service the Agreement.

1.4.7. Assignment of the Contract

The Contractor shall not assign or transfer its rights, burdens, duties, or obligations under this Agreement without the prior express written permission of the District.

1.4.8. Contractor Independence

While performing services hereunder, the Contractor is an independent Contractor and not an officer, agent, or employee of the District. Further, the Contractor's employees, expressly including but not limited to drivers, are employees of the Contractor and are not employees of the District.

1.4.9. Covenant Against Contingent Fees

The Contractor warrants that no person or selling agency has been employed or retained to solicit or secure this Agreement on an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business. For breach or violation of this warranty, the District shall have the right to terminate any Agreement that may be entered into with the Contractor and, in its sole discretion, to deduct from the Agreement price or consideration, or otherwise recover, the full amount of such commission, percentage, brokerage, or contingent fee.

1.5. NONDISCRIMINATION

1.5.1. Nondiscrimination in Employment

The Contractor shall not discriminate against any prospective or active employee because of race, color, creed, national origin, ancestry, sex, marital status, disability, religious or political affiliation, or age. The Contractor thereby agrees to comply with applicable Federal and California Laws, including but not limited to Title 42 of the *United States Code*, sections 2000 e through 2000 e (17); the California Fair Employment Practices Act, beginning with *Government Code* Section 12900; and *Labor Code* Section 1735.

Many districts have developed their own written policies governing nondiscrimination and affirmative action for contract procurements of goods and services. Where specific local policies have been adopted, care should be taken to include these requirements or procedures in any contract for transportation services.

1.6. TERMINATION

1.6.1. Criteria

This Agreement is subject to termination at the District's discretion if any of the following occur:

- The Contractor's licenses or permits legally required to perform transportation service called for by this Agreement have been suspended or revoked.
- The Contractor fails to provide services specified by this Agreement or is guilty of a substantial violation of this Agreement.
- The Contractor is subject to liens due to nonpayment of payroll taxes.
- The Contractor is adjudged bankrupt or makes a general assignment for the benefit of its creditors.
- The Contractor maintains a poor safety record.
- The Contractor fails to maintain school buses in accordance with legal vehicle standards or in accordance with the District's vehicle standards described elsewhere in this Agreement.
- The Contractor fails to maintain office and vehicle repair facilities prudently and safely.
- The Contractor fails to adhere to the routes and schedules provided by the District.
- The Contractor persistently disregards laws, ordinances, or directions of the District.
- The Contractor fails or refuses to provide required or agreed on data or information to the appropriate school personnel or to the District Transportation Coordinator.

The District's right to terminate is in addition to and not in limitation of any other rights or remedies available to the District.

1. If a contract is terminated for failure to provide the required paperwork and the paperwork/records go to the cost of services provided, the District may want to include a provision for withholding of the final payment to the contractor pending a final reconciliation to determine if all services were provided.
2. If a contract has a provision for an annual audit, the district may have a provision for withholding payment pending the final reconciliation.

CAVEAT: Withholding of payments should only be utilized if the District believes that it has overpaid the contractor or is owed liquidated damages.

The California Highway Patrol (CHP) inspects vehicles and office/repair facilities and will suspend a Contractor's right to operate if serious or repeated violations are discovered.

Alternative: An LEA may rely on the CHP to monitor and enforce vehicle maintenance and office/repair facility standards.

Alternative: An LEA may choose to set standards that are stricter than those used by the CHP or may choose to exercise its contractual authority separately from the CHP.

The basic conditions for contract termination are purposely vague.

Alternative: An LEA may choose to set specific criteria for termination. For example, a specific accident rate that is not acceptable, a specific vehicle maintenance/vehicle condition standard, or a specific standard for the number of unsatisfactory terminal ratings made by the CHP.

Pro: Expectations are clear, and compliance can be easily determined.

Con: If criteria are too narrow, an LEA may find that they do not suit unforeseen circumstances and are generally inflexible.

The District may not easily be able to cancel the contract if it wants to cease transportation service.

Alternative: Provision 1.6.5 in Appendix D provides for contract termination if the district chooses to stop offering pupil transportation.

Bear in mind that several of these criteria logically apply only to contracts for certain facets of service. For example, adherence to routes and schedules is not relevant if an LEA wants to contract only for vehicle maintenance.

1.6.2. Advance Notice

The District may terminate this Agreement for any of the above reasons by giving the Contractor thirty (30) calendar days advance written notice delivered to the address for notifying the Contractor provided elsewhere in this Agreement.

No grace period is allowed for a Contractor to correct problems.

Alternative:	An LEA may allow a contractor 30 days after written notice to correct a problem before terminating this Agreement.
Pro:	This alternative gives a Contractor fair notice and a chance to improve.
Con:	An LEA may find that a Contractor "corrects" problems only temporarily and that the LEA can only terminate the Agreement with difficulty.

An LEA may be unable to choose a less costly transportation alternative that arises after the Contract begins.

Alternative:	Both parties agree to unilateral termination without cause by the District or the Contractor with 120 days' notice.
Pro:	The District gains flexibility.
Con:	Contractors may be unwilling to bid because this alternative provides little "job security."

1.6.3. Damage Provisions

In the event of termination for a cause enumerated in Section 1.6.1, the District may secure replacement services described in this Agreement from another firm or provide service itself for the remainder of the Agreement's duration. If the cost of the replacement service exceeds the cost of services under the rates in this agreement, the excess cost shall be charged to and collected from the Contractor and/or its sureties, except that the charge shall not exceed 150 percent of the cost of services under the rates in this Agreement.

2. CONTRACTOR'S OBLIGATIONS

The Contractor shall perform all of the services described below and make any arrangements that may not be described but that are necessary to perform these services.

2.1. MANAGEMENT

The Contractor will provide management staff to coordinate all Contractor functions described in this agreement. These staff members shall ensure that District transportation needs are smoothly and efficiently met. Personnel such as dispatchers and managers who possess the necessary licenses and meet all the training requirement of a school bus driver shall not drive school buses except in an emergency. In addition to such other personnel as may be required to administer this Agreement, the Contractor shall employ and assign a responsible project manager to act as the Contractor's designee in all matters relating to this Agreement and to the work to be done. The Contractor's operations office shall be adequately staffed from 5:30 a.m. to 5:30 p.m. during all days that school is in session. The Contractor must employ or subcontract with a state-certified school bus driver instructor who will be available to meet the training needs of drivers transporting District pupils.

An LEA may want full-time, on-site management available.

Alternative: An LEA may choose to require that the Contractor assign staff exclusively and physically to the District's operations.

Pro: An LEA may obtain better quality service with on-site management available to resolve problems. Except in very small districts, this is even more important if the LEA does not have an employee who is familiar with and closely involved with transportation as a contractor liaison.

Con: On-site, full-time management staff are more costly than are staff who are shared with other terminals or operations.

An LEA may choose to specify the number and/or responsibilities of contractor management staff assigned to the LEA's terminal. Appendix D contains provisions that are for such requirements.

The Contractor agrees to advise the District on routine organization and operations matters concerning transportation services, provided that such consultation does not disrupt the Contractor's ability to perform the services described in this Agreement.

2.2. OPERATIONS, ROUTING, AND SCHEDULING

2.2.1. Operating Requirements

The Contractor shall provide all pupil transportation necessary to meet the District's regular home-to-school, special education, and desegregation transportation needs. Service shall be provided on school days and on other days designated by the District.

> Generally, efficiencies of scale make it economical to contract out for all of these types of operations together except in very large LEAs. If there is good competition between contractors that have achieved efficient scale providing only one of these types of service (e.g., a county office of education providing transportation for special education pupils to several districts in an area), then a district may logically choose to contract separately for each of these types of service.

The Contractor shall, as requested by the District, provide other pupil transportation for school-sponsored activities when such other transportation does not conflict with regular home-to-school, special education, or desegregation transportation service. Such school-sponsored activities may include field trips, work experience programs, athletic events, and the like.

The Contractor shall, as requested by the District, provide other transportation that may conflict with regular home-to-school, special education, or desegregation transportation service if that other transportation does not require the Contractor to utilize more vehicles than the District has requested be dedicated to other transportation service in Section 2.7 of this Agreement.

> This section is useful only if an LEA requires that a contractor operate additional vehicles dedicated to other transportation services. Generally, unless an LEA frequently needs other transportation that conflicts with regular service, it is more economical to utilize outside charter service than to require and pay for one or more vehicles and regular drivers to be dedicated to this service.

2.2.2. Driver Management Requirements

2.2.2.1. - NUMBER OF DRIVERS

The Contractor shall employ and assign to the District a sufficient number of school bus drivers and driver supervisors. The sufficient number shall be at least __ percent larger than the sum of the established number of daily routes and the number of conflicting trips required in Section 2.2.6.2.

Alternative: Rather than using a fixed percent spare factor, an LEA may wish to base the requirement for spare drivers on driver absence rates during the term of this Agreement. Appendix D contains a term that makes such a requirement.

Alternative: An LEA may choose to allow the Contractor to employ "on-call" drivers rather than some or all of the above-required standby drivers. (An "on-call" driver does not report to work unless called in advance.)

Pro: On-call drivers are not paid when they are not needed, so costs can be much lower.

Con: On-call drivers may not be available when needed, possibly causing delays or missed routes. Also, since the work is irregular, on-call drivers are hard to retain, and they must meet the same training, licensing, and other requirements that regular drivers must meet.

Alternative: An LEA may choose to set a specific minimum wage for drivers employed by the Contractor.

Pro: A minimum wage can help ensure that the Contractor serving an LEA is able to attract enough drivers. It also ensures that bidders do not expect to pay an unrealistically low wage.

Con: Bidders will add this cost directly to the rates they propose to charge the LEA.

2.2.3. School Bus Aides or Attendants

On District request, the Contractor shall employ and assign school bus aides or attendants for pupils who require aides because of the nature and/or severity of their handicapping condition. Said school bus attendants shall possess the same qualifications as school bus drivers, except for the requirement for a California Special Driver's Certificate.

Alternative: The LEA may choose to employ aides directly.

2.2.4. Routing and Scheduling

The Contractor will operate buses along routes determined and scheduled by the District.

Developing schedules and routes is complicated and time consuming, especially in urbanized areas and for special education service.

Alternative:	An LEA may ask the Contractor to design routes or to assist with design.
Pro:	Contractors may have extensive experience designing routes and schedules.
Con:	If payment is made based on the length, time, or number of routes, a contractor who designs routes faces a conflict of interest. If payment is made based on the number of pupils transported, no such conflict arises.
Alternative:	An LEA may ask a third party routing consultant to design or review routes.

2.2.4.1. DRY RUNS AND DRIVER ORIENTATION

Dry runs will be conducted on all routes prior to the beginning of a new school year or extended session and prior to the implementation of a new route during the school year. All dry runs must take place at the time of day during which the route would ordinarily be operated. A driver orientation will be conducted for all drivers who will be assigned to perform services for the School District. The full-day dry run and driver orientation program shall include but will not be limited to pupil management, relationships with parents, relationships with the school and the general public, discipline on the school bus, service to handicapped riders, and other pertinent information. The cost of said dry runs and driver orientation shall be paid for by the District at rates not to exceed 50 percent of the rates specified on the Bid Form, which has been incorporated by reference into this Agreement.

Separately from dry runs, an LEA may choose to require that every driver starting to drive an existing route during the school year be required to practice that route. A provision to this effect is included in Appendix D.

2.2.4.2. CHANGES IN DRIVER ASSIGNMENTS

Drivers shall be permanently assigned to the same bus route whenever possible. If a change is made to a permanent route assignment during the course of the academic year, the Contractor shall notify the District as soon as possible.

2.2.4.3. CHANGES IN ESTABLISHED ROUTES OR STOPS

Changes to established routes, stops, or schedules shall be implemented by the Contractor as soon as possible but in no case more than five calendar days later than notification of the change is received by the Contractor manager responsible for service to the District. Such changes may include (1) deletion of service for an individual pupil; (2) addition of service to individual pupils at an established stop; (3) addition of service to pupils at a new stop; (4) addition of a new routes served by a District-owned bus; and (5) addition of new routes served by Contractor-owned buses.

> An LEA may wish to require that its Contractor make service changes more quickly than five days or may want to use a different requirement for the different types of changes. Appendix D contains a term that specifies more stringent and differentiated requirements.

2.2.4.4. CHANGES IN SCHOOL SCHEDULES

The School District shall not be obligated to pay for any services hereunder on those days when the schools and classes of the School District are closed to ensure the health and safety of pupils, for reason of inclement weather, or for any other lawful reason, provided that the School District has notified the Contractor by 5:00 p.m. of the day prior to the day schools are to be closed.

2.2.5. Dispatch

The Contractor shall ensure that:

- An appropriate size and type of bus is assigned to each route each day.
- The bus assigned to each route is in compliance with legal and contractually described maintenance requirements.
- All routes are assigned to a driver who is available to drive them.
- All routes are assigned to a driver who possesses all relevant endorsements or credentials needed to drive the type of bus assigned to that route (e.g., manual transmission or dual air brake) or to transport children on that route (e.g., handicapped children who must be lifted).

2.2.6 Other Transportation

2.2.6.1. NONCONFLICTING TRIPS

The Contractor shall provide service for all nonconflicting trips requested by the District. Charges for such trips shall be made entirely at the rate for excess hours and/or excess miles.

2.2.6.2. CONFLICTING TRIPS

The Contractor shall provide transportation service for up to at least ______ trips per day that "conflict" with home-to-school service. If and only if the Contractor provides vehicles for the District's regular home-to-school service, the Contractor must provide vehicles for these conflicting trips.

> This section allows an LEA to require that the Contractor provide a minimum number of other transportation trips each day that conflict with regular home-to-school service. Whether or not an LEA actually uses these trips, it can expect that the cost of buses and drivers to serve them will be incorporated into bidder's bid prices.
>
> An LEA should include here the number of conflicting trips that it expects to need regularly (three to four days per week, on average). The LEA should make separate arrangements for additional, less-frequent trips, because it is not economical to require that the Contractor provide a bus and driver to serve the additional, infrequent trips.

2.2.6.3. OPTION TO CANCEL

The District shall have the option to cancel any scheduled cocurricular trip on the District's notification to the Contractor at least two hours prior to the time of the first scheduled pupil pickup. The District agrees to pay a $_________ penalty charge for field-trip cancellations in which a two-hour notice has not been given.

2.2.6.4. LIMITATION OF DISTRICT'S OBLIGATIONS

The District is not at any time obligated to request other transportation services of the Contractor, nor to pay for services not received, with the sole exception of the cancellation penalty provided for in Section 2.2.6.3. above.

2.2.6.5. DISTRICT'S RIGHT TO CONTRACT SEPARATELY

The District expressly retains the right to contract separately with other vendors for other transportation services.

2.3. SCHOOL BUS DRIVER REQUIREMENTS

2.3.1. District's Philosophy

It is the District's intent to provide high-quality transportation service and to ensure the safety and comfort of the District's pupils. Toward that end, the Contractor hereby recognizes and agrees to uphold the following general standards for personnel.

- For the protection of pupils, the drivers and other persons who have contact with pupils and their families must be of stable personality and good moral character.
- The Contractor shall allow no person to drive a school bus if that person's conduct might in any way expose a child to any impropriety of word or conduct, nor shall the Contractor allow any person to drive a school bus who is not, at any time, in a condition of mental and emotional stability.
- The use of tobacco and the possession or use by any person of alcohol, controlled substances, illegal drugs, firearms, knives, or other weapons are prohibited on school buses.

2.3.2. Preemployment Screening

The Contractor shall develop and implement a preemployment interview and/or screening program for all candidates for employment in driving a school bus. The screening program shall be designed to assist the Contractor in determining the candidates' suitability for work with school pupils in the transportation setting. The program shall also seek to identify those candidates who may be suitable for assignment to transportation services for the handicapped.

Basic screening may not be sufficient to discover a background that should preclude a person from transporting school pupils.

Alternative:	An LEA may choose to require a State Department of Justice criminal background check based on fingerprint patterns that supplements the DMV's fingerprint requirement for a School Bus Driver's Certificate.
Pro:	Background checks of this type can help ensure the character of drivers serving the District.
Con:	Background checks can be expensive and potentially time consuming, especially if results are required before a driver is permitted to begin work.

2.3.3. Credentials and Related Requirements

2.3.3.1. LICENSES AND PERMITS

Every driver employed by the Contractor to provide service to the District must have and maintain a valid Class 3/Class B or other legally required California Driver's License, a valid California School Bus Driver's Certificate, and any other applicable licenses or permits.

2.3.3.2. HEALTH REQUIREMENTS

Each school bus driver employed by the Contractor shall be in good health to ensure that good service is provided to the District. In compliance with *Health and Safety Code* sections 3400 et seq., every driver, whether permanent, temporary, or substitute, prior to driving in the District, shall have a tuberculosis examination consisting of an approved intradermal tuberculin skin test, which, if positive, is to be followed by an x-ray of the lungs. Repeat examinations shall be required every four (4) years.

In compliance with the *Motor Carrier Safety Regulations* (Title 49, sections 391.41 through 391.49, of the *Code of Federal Regulations*), every driver, whether permanent, temporary, or substitute, prior to driving in the District shall submit to the Contractor a completed Medical Examiner's Certificate.

2.3.3.3. SPECIALIZED REQUIREMENTS

Consistent with *California Code of Regulations*, Title 13, Section 1229, when a route requires transportation of pupils with special needs (such as handicapped pupils who must be lifted in and out of vehicles), or when a bus requires any special expertise to operate (such as is needed to operate a bus with a manual transmission, a bus with certain types of brakes, or a transit-type bus), all drivers, whether permanent, temporary, or substitute, who will transport those pupils or operate those buses shall first demonstrate proficiency and/or complete special training relevant to those special requirements. The District may also choose to establish and require compliance with other requirements that are rationally related to the special services to be performed. For example, the District may require that all personnel who will have to lift handicapped children in and out of vehicles be physically capable of performing the required lifting.

2.3.4. Drug Use Prevention

2.3.4.1. GROUNDS FOR TESTING

The Contractor shall conduct or cause to be conducted tests acceptable to the District that are designed to determine the presence of illegal drugs, controlled substances, or alcohol. Such tests shall be administered to:

- All permanent, temporary, or substitute drivers and mechanics, before the driver or mechanic first begins work under this Agreement;

- Any trainee who will drive a District vehicle (test results must be obtained before the trainee drives the vehicle);

- Any person (whether that person is a permanent, temporary, or substitute employee, or a trainee of the Contractor) found to be at fault in a preventable accident (or involved in an accident but not absolved of fault at the scene of the accident by a California Highway Patrol or other law enforcement officer) while driving a vehicle or transporting District pupils under this Agreement; and

- Any person whom the Contractor or the District has reasonable cause to believe has reported to work or is at work or is on the District's property while under the influence of drugs or alcohol.

An LEA may choose to require that the Contractor release the results of each of these tests to the District before the driver, trainee, or other person may begin or resume employment or driving vehicles under this Agreement. LEAs should confer with legal counsel before adopting drug testing requirements that exceed federal requirements.

An LEA may choose one of several policies for application to persons who test positive for drug usage.

Alternative: An LEA may require immediate and permanent removal from service to it under this Agreement of any person testing positive for drug usage.

Alternative: An LEA may require removal from service until such time as a drug rehabilitation program is completed. Appendix D includes a term that makes such a requirement.

The LEA should require the Contractor to release the results of the tests to the District before the driver, trainee, or other person may begin or resume employment or driving vehicles under the Agreement. The district should state its policy regarding illegal drugs, controlled substances, and alcohol in the Agreement and state that this policy shall apply to persons working under the Agreement.

NOTE: The District's policy may be different for illegal drugs, controlled substance (which may be legally obtained and used under a doctor's prescription) and alcohol. Each policy should be stated.

2.3.4.2. GROUNDS FOR REMOVAL FROM SERVICE

The Contractor must remove a trainee or employee from the training program or from service, as applicable, at the District's Terminal under the following circumstances:

- If a trainee or employee refuses to submit to a drug test in one of the above described situations;
- If a trainee or employee possesses, consumes, sells, or dispenses alcoholic beverages, illegal drugs, or controlled substances on District property or during the course of providing transportation services to the District;
- If a trainee or employee violates the laws pertaining to drugs, controlled substances, or alcoholic beverages during the course of providing transportation services to the District; or

- If a trainee or employee violates the laws pertaining to drugs, controlled substances, or alcoholic beverages at any time, if doing so adversely affects the District, its pupils, or its property.

- If a trainee or employee tests positive for the presence of illegal drugs, controlled substances, or alcohol.

Given the District's "zero-tolerance" policy, removal from service must include all the instances in which a district employee would also be removed from service. The district may want to be more strict with removing the contractor's employees from service since the contractor does not have to contend with civil service rules which make it difficult for school districts and other public employers to dismiss employees. Additionally, because of the nature of the service that is being provided under the Agreement (transportation of students), LEAs may want to minimize their exposure to liability by not allowing any of the contractor's employees who have tested positive for illegal drugs, controlled substances (without a prescription), and/or alcohol to service the Agreement.

People who test positive for illegal drugs, controlled substances, and alcohol may be treated differently depending on the circumstances. However, the person should be removed from service immediately upon a positive test, if he/she has not already been removed. Reinstatement to service may be determined depending upon the circumstances. There should be no reinstatement to service until the entire matter has been settled and the District is satisfied that the person does not pose a threat to the health and safety of the pupils. This would be within the District's discretion. If the person is an habitual user or addicted to illegal drugs, controlled substances, or alcohol, then it would be best to remove the person from service permanently or until he/she has completed a rehabilitation program or received a certificate of rehabilitation (something which documents they are no longer addicted). But persons who test positive for a controlled substance or alcohol who are not addicted or have a medical prescription for the controlled substance may be removed temporarily depending upon the circumstances. Beware that temporary removal does expose the District to liability.

Under no circumstances shall a person who is thought or suspected to be under the influence of an illegal drug, controlled substance, or alcohol be allowed to service the Agreement while he/she is suspected to be under the influence. The District is taking unnecessary risks by allowing such person to service the Agreement. The suggested course of action is to take or have the employee taken home after he/she is tested. **(The employee should not be allowed to drive home. This course of action could result in liability if the employee is involved in an accident en route home.)** If a person tests positive after being suspected of coming to work under the influence, some action should be taken against the employee as appropriate, including temporary or permanent removal from servicing the Agreement.

2.3.5. Other Requirements

2.3.5.1. AGE

Section 12520 of the *Vehicle Code* states that "It is unlawful for any person under the age of eighteen years to drive a school bus transporting pupils to or from school."

Alternative: An LEA may choose to set a higher minimum age, such as twenty-one.

Pro: Drivers may be more mature and have more driving experience.

Con: An LEA that has trouble finding enough drivers may preclude a pool of potential legal drivers.

An LEA may choose to require that drivers wear uniforms and may also specify the uniform.

2.4. SCHOOL BUS DRIVER TRAINING REQUIREMENTS

The Contractor will provide or arrange for any such legally required or other training as is needed to ensure that qualified drivers are available to provide transportation services described in this Agreement.

2.4.1. Original Training

Before a driver shall transport any District pupil, the driver, whether permanent, temporary, or substitute, must have completed original training in at least the following training requirements:

- Such original training as is legally required, by *California Vehicle Code* Section 12517, to obtain a School Bus Driver's Certificate. That training consists, at a minimum, of a 40-hour course, which "shall include 20 hours of classroom instruction in all units of the *Instructor's Manual for California's Bus Driver's Training Course* and 20 hours of applicant behind-the-wheel training, driving vehicles comparable to those that will be driven by the applicant to transport pupils";
- Such training as is needed to ensure proficiency in operating the type of bus, brake system, or transmission to which the driver will be assigned;
- Such specialized training as is necessary to prepare the driver to transport handicapped pupils if the driver is to be assigned to transporting special education or handicapped pupils; and

- Such other training as may be required by applicable law.

The above types of training, except original training, may be applied toward the annual in-service training requirement described in Section 2.4.2 of this Agreement.

An LEA may choose to make additional training requirements, such as sessions conducted by the District concerning the District's orientation, pupil management, and disciplinary standards and procedures. An LEA may choose whether to pay drivers' wages directly for this training or to require that the Contractor pay drivers' wages. (If the Contractor is required to pay, an estimated number of annual training hours per driver should be specified in this Agreement.) Contractors are required by law to pay drivers' wages for training that is specifically required by a single employer.

2.4.2. In-Service Training

In order to continue driving at the District's Terminal, every driver, whether permanent, temporary, or substitute, must each year complete at least the following training:

- Such in-service training annually as is required by the *California Code of Regulations*, Title 13, Section 1204 a(3), to maintain the validity of the School Bus Driver's Certificate (a valid and up-to-date T-01 training card must be maintained as evidence of compliance with this requirement and as required by Section 1204 b). (These regulations will be incorporated into the *California Education Code* on July 1, 1990, as sections 40080 through 40089.);
- At least ___ training sessions of not less than one hour each covering safety practices and procedures (see Section 2.4.4 of this Agreement); and
- Such other training as may be required by applicable law.

The Contractor shall pay drivers at least 50 percent of their usual driving wage for hours spent receiving any type of training for which in-service training credit is received; however, this training shall be conducted at no cost to the District.

An LEA may choose to require that the Contractor permit it to contribute curricula or to make presentations during training sessions. Appendix D includes such a requirement.

2.4.3. Retraining

The Contractor or the District may assign mandatory retraining after a preventable accident or incident or after a driver's evaluation. A driver assigned such retraining may not continue to drive a bus transporting the District's pupils until such retraining has been completed satisfactorily.

2.4.4. Safety Program

Safety is a paramount concern of the District. In recognition of this priority, the Contractor shall plan and implement a comprehensive safety program and shall ensure the availability of a state-certified School Bus Driver Instructor to conduct the program. This program shall include but not be limited to regularly scheduled safety meetings for drivers. The Contractor shall conduct a minimum of ____ driver safety meetings each school year, and drivers shall be required to attend. In the event a driver fails to attend __ or more of these safety meetings, the driver will be subject to suspension. The agendas of the meetings shall be available for inspection by the District on request. Attendance at these safety meetings is an independent criterion of the driver's eligibility to transport the District's pupils. Time spent during these safety meetings may be counted toward annual in-service training requirements, as determined by a state-certified School Bus Driver Instructor.

2.4.5. Evaluation

The Contractor's Terminal Management Staff shall evaluate drivers on their routes at least once each semester for the purpose of observing their driving practices with respect to safety; mechanical operation; conformance with laws, policies, and regulations; adherence to established routes and schedules; handling of pupils; and other factors inherent in the transportation of pupils. All drivers assigned to perform services under the Agreement shall maintain a minimum evaluation rating of satisfactory in all evaluation categories. Mandatory retraining shall be assigned as appropriate.

2.4.6. Driver Participation

At no cost to the District, the Contractor shall make all drivers assigned to the District's Terminal available to District personnel for at least ______ hour session(s) per academic semester in addition to driver training programs. The purpose of these sessions is to solicit the drivers' suggestions and their evaluations of student disciplinary policies and practices and other driver and District concerns.

> An LEA may determine that a requirement such as this is unnecessary. It is not legally required and may increase bid prices slightly, but it may provide useful information to the LEA regarding the Contractor's and its own practices.

2.5. OWNERSHIP OF VEHICLES

The District intends to own a sufficient number and type of vehicles to provide the services described within this Agreement. For the purposes of this Contract, the District will lease its vehicles to the Contractor in partial consideration for this Agreement. The Contractor agrees that District-owned vehicles will be used exclusively for the District's transportation programs.

An LEA may choose not to own the vehicles that provide its transportation service.

Alternative:	An LEA may require that the Contractor provide vehicles as part of this Agreement.
Pro:	An LEA that does not have capital to invest for replacement or expansion vehicle needs can spread that cost over time by contracting for vehicle ownership. An LEA may choose to contract for vehicle ownership with a transportation provider, or it may choose simply to lease or lease/purchase vehicles.
Con:	An LEA that retains ownership of its vehicles can more easily resume provision of its own service, or attract other vendors to operate the vehicles, enhancing competition among contract bidders.

Should an LEA choose to contract for vehicle ownership, alternative language from Appendix D should be used in place of that above.

2.5.1. Mandated and Requested Vehicle Modifications

If, during the period of the Agreement, any installation or modification of equipment is required due to a change in the law or applicable rules and/or regulations, or if special equipment or devices (seat belts, shoulder harnesses, infant seats, wheelchair tie-downs, or other adaptive devices) are required or requested by the District due to the handicapped or other special condition of a pupil being transported, such modification or installation shall be made by the Contractor after notification from the School District. The cost of providing such apparatus, and of modification or installation, shall be borne by the District. The contractor shall be responsible for the care and safekeeping of such apparatus.

If an LEA chooses to contract for ownership of vehicles, it may choose to require that the vehicle owner bear the responsibility for and cost of making mandated and requested modifications.

2.5.2. Physical Location and Control of Buses

All school buses that transport the District's pupils shall be parked and maintained at the District's Terminal. No bus shall be parked at any other location or facility, nor shall there be any school bus repair work performed at any other location or facility, unless approval is granted in advance by the District.

Alternative: An LEA may choose to allow "park-outs" overnight if the driver and route served by a vehicle are a significant distance from the District terminal. Drivers of such vehicles should be required to communicate with the dispatcher at least once per run.

Pro: Deadhead time and mileage costs may be reduced if park-outs are permitted.

Con: Buses that are parked out may be targets for vandalism or theft. Also, the dispatcher or operations manager may find it difficult to cover routes served by a park-out driver when that driver is absent. Generally, as well, the operations manager cannot exercise as much control over a driver and route if the driver does not physically report to the manager each day.

2.6. MAINTENANCE

The Contractor will provide staff, parts, materials, and equipment including tools necessary to maintain vehicles serving the District.

2.6.1. Maintenance Standards

The Contractor shall maintain in good and safe mechanical and operating condition all regular and standby school buses serving the District. All such buses shall further be maintained in clean and sanitary condition and shall have good interior and exterior appearance during the entire term of this Agreement.

The District will complete a written inspection form detailing the condition of each bus before the beginning of each year. The Contractor shall maintain the buses so that their condition remains equal to or exceeds that condition recorded on the written inspection form, normal wear and tear excepted. Mechanically, the buses shall be maintained in a condition approximating that set out by the original manufacturer. Failure to maintain buses in a condition acceptable to the District will constitute a default of contract performance.

Pro:	Careful inspections will help protect the District's investment if it owns the buses that the Contractor maintains. Inspections also serve to ensure the quality of vehicles serving the District's pupils, regardless of vehicle ownership.
Con:	Inspections can be time consuming, and results can be ambiguous.

2.6.2. Removal from Service

A bus, whether owned by the District or by the Contractor, shall be declared unfit for service and removed from service to the District by the Contractor if the bus:

- Does not comply with legal requirements, especially but not exclusively the legal maximum preventive maintenance inspection intervals; or
- Is defective in a way that threatens the safety of bus passengers or of persons near or around the bus; or
- Is defective in a way that, if the vehicle were operated, may damage the vehicle or damage the District's property.

Such buses shall not be returned to service to the District until the defect or cause of non-compliance has been corrected.

Alternative:	An LEA may choose to set out specific requirements for maintenance practices and prioritization. An example of such provisions is included in Appendix D.
Pro:	An LEA that owns its own vehicles can better ensure that poor maintenance practices do not require the purchase of too many spare vehicles.
Con:	Monitoring such requirements can be time consuming and expensive for the District. As well, the requirements can be burdensome, time consuming, and expensive for the Contractor; however, the Contractor will likely pass these administrative costs on to the LEA.

2.6.3. Responsible Party

The Contractor shall be the responsible party with respect to the California Highway Patrol's inspection of school buses, vehicle maintenance and repair facilities, and related issues.

2.7. FACILITIES, EQUIPMENT, AND SUPPLIES

2.7.1. District-Provided Terminal and Maintenance Facilities

The District agrees to lease to the Contractor at no separate cost, as a consideration in part for executing the terms of the contract, the transportation maintenance garage, the bus parking area, and space for an office and driver's lounge as described in the Facility and Equipment Lease. The District shall not be responsible for providing small tools.

The District shall lease to the Contractor, as a consideration in part for executing the terms of the Contract, existing large tools and special equipment. Such tools and equipment will be specified at the initiation of this Agreement and will be maintained on the premises during the Agreement term and returned by the Contractor at the conclusion of this Agreement in like condition, normal wear and tear excepted.

An LEA may choose not to own the terminal facility and equipment that are used to provide its transportation service.

Alternative:	An LEA may require that the Contractor provide any of these facilities and equipment as a part of this agreement. A term for this purpose is included in Appendix D.
Pro:	If one or more potential bidders already have a terminal that can be used to serve the LEA, the LEA may realize a savings from the efficiency of using an already existing terminal.
Con:	In a dense urban area, a terminal facility will be expensive and hard for many bidders to acquire, limiting competition among bidders.

2.7.2. Equipment

2.7.2.1. RADIO EQUIPMENT OWNED BY CONTRACTOR

The Contractor shall provide a radio communication system, including two-way radio equipment, in all buses providing services hereunder, as well as spare radio equipment and at least one base station each for the District and for the Contractor's on-site terminal management. To ensure that radios are in good operating condition at all times, the Contractor shall purchase an annual maintenance agreement covering repairs of the entire radio communication system.

Radio equipment shall be used exclusively for transportation programs operated for the District, unless otherwise agreed by the parties hereto.

In the event that the Contractor moves its yard or administrative facilities, the Contractor shall pay the cost of removing and installing base stations and related equipment.

The Contractor shall instruct bus drivers and other appropriate staff in the use of the equipment in accordance with the procedures approved by the District.

Alternative: An LEA may choose to purchase its own radios.

2.7.2.2. PHONE SYSTEM

The cost of telephones and telephone service to meet the Contractor's needs shall be borne by the Contractor.

An LEA may choose to require that a private line, dedicated to District-related business, be installed and maintained at the terminal facility.

An LEA with a computerized system for receiving transportation requests and/or routing and scheduling may choose to require that the Contractor install a compatible computer terminal, modem, and printer to allow direct communication with the District.

2.7.3. Supplies

The Contractor is responsible for procuring all supplies, utilities, and related expenses for items necessary to provide the services called for in this Agreement unless otherwise agreed to in writing by the District. The only exception is fuel.

2.7.4. Purchase of Fuel

The Contractor will purchase all necessary motor fuels and pay for the fuels. These fuels may be purchased from a fuel vendor, but the District would also consider purchasing such fuel on its own account and reselling fuel to the Contractor on mutually agreeable terms, if the Contractor so requests. In the event that the Contractor purchases fuel from the District, payment for such purchases shall be made independently of this agreement and shall be made in accordance with mutually agreeable terms.

2.8. CONTRACTOR'S RECORDS AND REPORTING REQUIREMENTS

The Contractor shall make available at any time to the District all operating records that the District may request. Additionally, the Contractor will provide certain regular reports to the District as specified in this section and others as mutually agreed on by the District and Contractor.

Pro:	An LEA that periodically reviews the Contractor's records and that monitors the Contractor's reports will be well prepared to administer its transportation Agreement effectively and will be more likely to receive good service.
Con:	There is a cost to the Contractor for maintaining these records, and this cost will be passed on to an LEA through higher bids. As well, there is a cost to an LEA of staff time and effort to review and monitor the data. If an LEA does not intend or is not prepared to monitor or act on the information available from these records, the LEA should not require the Contractor to maintain the records.

2.8.1. Records to Be Maintained by the Contractor

2.8.1.1. OPERATING RECORDS

The Contractor shall maintain, for a minimum of 90 working days, daily records indicating route numbers, bus numbers, drivers' names, the number of students transported to each school site, the number of miles and hours driven, and the program to which the pupils are assigned.

2.8.1.2. PERSONNEL RECORDS

The Contractor shall maintain records that include documentation of all driver, management, and support staff compliance with all legal requirements and with all standards and requirements set out within this Agreement.

2.8.1.3. FLEET RECORDS

The Contractor shall maintain the following records for a minimum of one year, at no cost to the District:

- The number of vehicles unavailable for service during each school bus operating shift (morning run, midday run, or afternoon run) due to inspection, repair, or other reason;
- The number and details of any roadway breakdown or halt of service suffered by buses that serve the District;

- All pretrip inspection sheets completed by drivers transporting the District's pupils;
- Vehicle owners' manuals or the like that include documentation of compliance with all legal requirements and with all standards and requirements set out in this Agreement.

2.8.2. Reports to Be Submitted Regularly to the District by the Contractor

If any of the following events occur during the Contractor's performance of this Agreement, the Contractor shall report to the District the described information within a period of two working days. If a Contractor has subcontracted any of the services under this Agreement with the prior written approval of the District, the Contractor shall be solely responsible for reporting the information to the District within two working days.

- If permanent route driver assignments change, the Contractor shall provide an updated list of routes and drivers assigned to those routes. If several changes are made, a list is required no more than once per week.
- If a pupil is cited for behavior or other reason(s) while riding a bus, the Contractor shall report in writing to the District the nature, time, and date of the incident(s).
- If the Motor Carrier inspects any vehicles serving the District or inspects the Terminal facility, the Contractor shall provide to the District a copy of the inspection report.
- If any runs were late or missed during a week, the Contractor shall submit a written summary for the week of all late or missed trips, including the cause of the problem and any corrective action taken.

2.8.2.1. ACCIDENT REPORTS

All accidents or incidents involving the District's pupils, personnel, and equipment shall be verbally reported to the District immediately but in no event later than 12 hours after the event. A written report shall be submitted to the District by the Contractor within two working days.

Accident reports shall make clear or provide at a minimum the following:

- Whether pupils were on the bus or loading or unloading from the bus at the time of the accident;
- Whether any injuries occurred;
- The driver, location, involvement of other vehicles, and nature and extent of any property damage;
- The Contractor's assessment of chargeability of the accident; and
- Accident and incident reports completed by the contractor's management and by drivers.

The Contractor shall further provide to the District any accident reports obtained from the California Highway Patrol or from any other law enforcement agency as soon after the accident as they become available.

2.9. DISTRICT'S RIGHTS AND RESPONSIBILITIES

2.9.1. Discipline on the School Bus

"Pupils transported in a school bus or in a school pupil activity bus shall be under the direct authority of, and responsible directly to, the driver of the bus . . .," as specified in the *California Code of Regulations*, Title 5, Section 14103. The Contractor shall report to the District any incidents of misconduct on the bus and any corrective action taken. No pupil shall be suspended from a school bus without the prior written permission of the District. Every driver shall at all times adhere to the District's established student disciplinary policies.

An LEA should insert terms corresponding to its policies with respect to pupil discipline. The California School Boards Association has a model policy that can be adopted by LEAs to serve this purpose.

The Contractor shall ensure that drivers are available to participate in parent-teacher/administrator conferences concerning transportation-related disciplinary problems.

2.9.2. Bus Availability for Inspection Purposes

The Contractor shall make any bus used to transport the District's pupils, whether owned by the District or by the Contractor, available to the District at any time for inspection by the District.

The Contractor shall make all buses used to transport the District's pupils, whether owned by the District or by the Contractor, available to the District each August and February during the term of this Agreement for inspection of the entire fleet by the District.

2.9.3. Authority to Remove Buses from Service

At the request of the District, the Contractor shall remove immediately from District service any and all buses that are determined unfit for service by the District, by the Motor Carrier, or by any Officer of the Law. The District will provide specific reasons for such requests to remove buses from service.

2.9.4. Authority to Approve, to Reject, and to Require Removal of Drivers from District Service

The District reserves the right to approve or reject for District service under this Agreement any and all proposed drivers who may be transporting its pupils at any time during the duration of this Agreement. Further, at the request of the District, the Contractor shall immediately remove from service to the District, any or all continuing drivers, whether permanent, temporary, or substitute.

> An LEA should not act in an arbitrary or capricious manner and should always give a reason for the removal of any of the Contractor's drivers. The reason should cite a provision of the Agreement or a district policy which the contractor and his/her employees know exists or are aware of.
>
> The LEA may want to reserve the right to approve or reject for district service any employee who may create exposure to liability, including mechanics and other personnel responsible for maintaining the safe operation of the buses.

2.9.5. Liquidated Damages

To recover losses it suffers (which may be unmeasurable) and to discourage poor performance, the District may assess liquidated damages. These damages accrue in addition to the District's expectation that it will not pay for any service that has not been provided. The damages will be assessed against the Contractor regardless of whether the actual failure to perform was caused by the Contractor or by a subcontractor.

No liquidated damages will be assessed during weeks in which 98 percent of all runs operated by the Contractor are neither early nor more than 15 minutes late when compared to the scheduled departure and arrival times. If fewer than 98 percent of all runs are operated on time, liquidated damages may be assessed for the following infractions:

2.9.5.1. EARLY, LATE, AND MISSED RUNS

Each Contractor-operated bus that departs earlier than scheduled to any degree, or that is more than 15 minutes late, during which time a stop is missed (causing a need to backtrack or reroute another bus), shall be subject to the assessment of $ ________ liquidated damages. In any case no bus route shall be assessed more than three times that amount ($ _______) per day for liquidated damages under this subsection. The provisions of this paragraph do not apply when delays are caused by conditions beyond the control of the Contractor, as determined by the District.

2.9.5.2. OPERATION OF A BUS THAT IS UNFIT FOR SERVICE

The District and Contractor agree that the actual amount of damage would be difficult to fix; thus, the District and Contractor agree in the event the Contractor operates a bus unfit for service, the amount of $__________ will be paid as liquidated damages and not as a penalty or forfeiture.

Alternative:	An LEA may choose to assess liquidated damages on a number of other bases. These include failure of drivers to wear a uniform, failure of the Contractor to make one or more of the reports described in Section 2.8.2, discovery that a two-way radio is inoperative, and so forth.
Pro:	Liquidated damages can act as an incentive to improve performance.
Con:	Liquidated damages can demoralize the Contractor's employees. Damages that are complex or based on too many different factors may not be as effective as more focused damage provisions. Bidders will likely incorporate the expected cost of liquidated damages into the rates they bid to provide service to an LEA.

Please be aware that the LEA should have standards for determining whether a bus was operated that was unfit for service. Those standards should be stated in the Agreement or in an operating manual that is provided to the Contractor so he/she knows what the standard is and how fitness is determined; for example, a CHP inspection or independent inspection for fitness.

2.9.5.3. OTHER TERMS

The District and Contractor agree that the actual amount of damage would be difficult to fix; thus, the District and Contractor agree in the event the Contractor breaches any term of this Agreement, the amount of $________ will be paid as liquidated damages and not as a penalty of forfeiture.

The Agreement should state specifically which terms, if breached, will result in liquidated damages and how the breach is to be determined and by whom.

2.9.6. Release of Responsibility

The District will notify the Contractor when a completed "Release from Responsibility Form" has been executed authorizing the Contractor to leave a student at a specific location without a receiving adult in attendance. It is the responsibility of the District to see that this form is signed by the principal of the school and the pupil's parent or legal guardian prior to notifying the Contractor. In the event a claim, suit, or other legal proceeding is filed on account of leaving a pupil without a receiving adult in attendance and the Contractor has not been advised that a properly executed "Release from Responsibility Form" has been received, the Contractor shall be responsible for defense and payment of any judgment that may be rendered.

An LEA may choose to use this term if transportation service for handicapped or special education pupils is called for in this Agreement.

2.9.7. Services Provided by the District

The District is responsible for and shall provide the following:

- Routes and schedules
- Pupil address/school lists
- Size and type of vehicle requirements
- Parent and school liaison
- Parent and school complaint resolution
- Emergency procedures
- Other items mutually agreeable to the District and the Contractor

_______________________ DISTRICT AND

_______________________, CONTRACTOR,

DO HEREBY MUTUALLY AGREE TO ALL OF THE ABOVE TERMS AND PROVISIONS.

IN WITNESS WHEREOF THIS MUTUAL AGREEMENT, DULY AUTHORIZED AGENTS HAVE AFFIXED SIGNATURE HERETO.

_______________________ Contractor, Authorized Agent	_______________________ District, Authorized Agent
_______________________ Title	_______________________ Title
____________ Date	____________ Date

APPENDIXES

A - Project Advisory Committee Members

B - Local Educational Agencies Visited

C - Depreciating Capital Assets

D - Supplementary and Alternative Contract Terms

E - Work Sheet 3.1: Cost Allocation Work Sheet

APPENDIX A

PROJECT ADVISORY COMMITTEE MEMBERS

State Department of Education
Office of Financial Management Practices and Standards
Stuart Greenfeld, Director
Ron Kinney, Supervisor, School Transportation
Doug Clark, Field Representative
Carl Treseder, Field Representative

California Highway Patrol
Charles Baker, Coordinator, Passenger Transportation Safety
Enforcement Services Division

State Department of Finance
Steve Henderson, Budget Analyst

Office of the Legislative Analyst
Eric Premack, Program Analyst

Los Angeles County Office of Education
Charles Devlin, Pupil Transportation Officer
Sara Bates, Contractual Relations Officer

California Association of School Bus Contractors
John Edney, Senior Vice-President, Durham Transportation Services

California Association of School Transportation Officials (CASTO)
Steve Puckett, Director of Transportation
Cottonwood Union Elementary School District
Dan Stephens, Director of Transportation
San Diego City Unified School District

California Association of School Business Officials (CASBO)
Connie Lentz, Director
Mid-Placer Public Schools Transportation Agency

KPMG Peat Marwick Project Team
Robert T. O'Neill, Principal
Jeff Myers, Consultant

McElligott and Associates Project Team (KPMG Subcontractor)
James McElligott, President
W.O. (Pete) Ware, Executive Vice-President

APPENDIX B

LOCAL EDUCATIONAL AGENCIES VISITED

We thank transportation and business managers in the following LEAs for their time and their generous cooperation.

Alvord Union School District
Amador County Unified School District
Antelope Valley Joint Powers Authority
Clovis Unified School District
Duarte Unified School District
Empire Union School District
Fresno Unified School District
Hollister Elementary School District
Kern County Office of Education
Long Beach Unified School District
Los Angeles Unified School District
Mid-Placer Public Schools Transportation Agency
Monterey Peninsula Unified School District
Norris School District, Bakersfield
Orange County Office of Education
Oroville Union High School District
Redlands Unified School District
Sacramento City Unified School District
Salinas Union High School District
San Diego City Unified School District
San Francisco Unified School District
San Juan Unified School District, Carmichael
Taft Union High School District
Vista Unified School District
Woodland Joint Unified School District

APPENDIX C

DEPRECIATING CAPITAL ASSETS

If an asset has a useful life of more than one year, the cost of that asset should not be included as an annual cost in an analysis of pupil transportation costs. A method of spreading the total cost of an asset over the years of its useful life is called depreciation. Typically, an asset is depreciated only if its cost exceeds $500.

When an asset is depreciated, the expense associated with it is considered to have two important components—an annual cost that represents the part of the asset's value used each year and a separate interest cost of the unused capital value remaining invested in the asset each year until the asset's value is exhausted. If that capital were invested in a bank account, it would earn interest; by investing in the equipment instead of a bank account, the LEA bears an opportunity cost of forgone possible interest earnings.

What to Depreciate

The LEA should depreciate only assets that are owned by the LEA. If an asset is leased or rented, then the annual lease or rental payment is the annual cost. Depreciable pupil transportation assets typically include:

- Buses
- Terminal facility buildings and other improvements (e.g., parking lots)
- Two-way radio equipment
- Major office equipment (e.g., computer hardware and software, copiers, and similar items)
- Other major durable equipment such as major tools and support vehicles

Land does have an associated cost of capital; however, land should not be depreciated, because it has an unmeasurable useful life. This Appendix will explain how to calculate both the annual depreciation expense and the cost of capital for major capital items.

How to Calculate Annual Depreciation and Cost of Capital Expense

Generally, to calculate the depreciation expense and cost of capital for an asset, an analyst should gather the following data and make the calculations described here. Work Sheet C.1 provides a graphic format for the following calculations:

1. Original cost or market value of the asset in its current condition

2. Cost of any capital improvements made in the asset (If market value is used above, it should incorporate these improvements; therefore, do not enter them separately.)
3. Estimated residual asset value—value of the asset after the LEA can no longer use it (often $0, but sometimes a scrap value will exist; this could also be negative if there is a disposal cost)
4. The total consumable (depreciable) value of the asset can be calculated using the first three pieces of information: (1+2-3)
5. The total useful life of the asset (if original cost is used) or years of useful life remaining (if the asset's current market value is used)
6. Annual depreciation expense can be calculated from the above information as 4/5
7. The LEA's interest cost for borrowing money or the interest the LEA earns on cash deposits
8. The annual cost of capital invested in assets can be calculated by multiplying (1+2) x 7

After calculating these depreciation and capital costs for all major, durable capital equipment owned by the LEA and used for pupil transportation, enter the costs in the appropriate cells of Work Sheet 3.1.

Work Sheet C.1

Computation of Depreciation Costs and Cost of Capital

(1) *LEA's Interest Cost for Funds:* ______	(2) *Original Cost (or Market Value)*	(3) *Capital Improvements*	(4) *Estimated Residual Value*	(5) *Total Depreciable Value (2+3-4)*	(6) *Total Useful Life (or Life Recycling)*	(7) *Annual Depreciation Expense (5/6)*	(8) *Annual Cost of Capital for the Asset (2+3) x 1*	(9) *Combined Depreciation and Capital Costs (7+8)*
Buses - HTS								
Buses - SE								
Buses - EC								
Buses - DESEG								
Two-way radio								
Major office equipment (computer, copier, etc.)								
Other major durable equipment (tools, support vehicles, etc.)								
Terminal buildings, other improvements								
Land		▨	▨	▨	▨	▨		

APPENDIX D

SUPPLEMENTARY AND ALTERNATIVE CONTRACT TERMS

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1. GENERAL PROVISIONS

1.1 CONTRACT DURATION AND CHARACTERISTICS

1.1.2 Renewal Provisions

Renewal is prohibited if the total cost of this Agreement to the District after inflation increases by an average of more than five percent (5%) per year of the Agreement.

This term provides that, if the nature and scope (quantity) of the contracted service change significantly, the Contract must be rebid, rather than simply being renewed at the end of the contract term.

1.2 DISTRICT-CONTRACTOR COMMUNICATION AND BILLING

1.2.1. District-Contractor Liaison

The Superintendent or his designee shall communicate service, safety, and cost-effectiveness concerns to the Terminal Manager, positive as well as negative. The District Transportation Director shall specify and schedule all school bus routes, approve necessary changes in same, monitor vehicle repair invoices and fuel consumption, report data, and be available to parents, school-site staff, and the Contractor's staff regarding the safety and service of the pupil transportation program.

As the liaison with the Contractor, the Transportation Director is the person to whom the Terminal Manager and other Contractor personnel shall report concerns, problems, information, and data as required by this Contract and as requested by the District, or as judged necessary by the Contractor.

1.2.4. Invoice Documentation Exceptions

A properly documented invoice must be supported by a "Daily Bus Report" (DBR) for each separate bus-driver combination. A DBR is a driver's report of mileage, departure and arrival times, and the times at which each stop was made. A DBR should be received within 24 hours of the route's completion.

If the DBR claims more hours, miles, or passengers than the District's standard routes allow, the excess will not be paid unless the DBR has been received by the Transportation Director within 24 hours of the route's completion and unless the excess has been explicitly approved (as beyond the Contractor's and driver's control) by the Transportation Director. The Contractor will not be paid for any hours or mileage that exceeds District-established route time and mileage unless the described approval of the Transportation Director has been obtained within two working days of the instance in which the route time ran long. Invoices shall summarize home-to-school DBRs for each route during each day of the invoice period as well as bus time reports for any cocurricular transportation provided during the invoice period.

1.6 TERMINATION

1.6.4. District's Right to Lease or Purchase Contractor's Buses in the Event of Agreement Termination

In the event that this Agreement is terminated before completion of its full term, the District shall have the option to purchase or lease the school buses that the Contractor uses to provide service to the District. The purchase price or lease terms shall be set by an independent appraiser based on the vehicles' market value in California.

Alternative: An LEA may choose to set the purchase price for the buy-out option at the start of the contract, adjusting it annually to account for vehicle depreciation and purchases.

1.6.5. District's Cessation of Transportation Services

The District is not required to provide daily home to school transportation services to its students (except for handicapped or special education students as required). The District has provided transportation of its students as a service. The District governing board may choose to discontinue this service at any time. Should the District's governing board decide to discontinue all home to school transportation, it shall notify the Contractor of the decision in writing. Such decision to terminate service will effectively terminate this Agreement without prejudice. Termination for such reason shall take effect at the end of the academic year. Such termination shall be effected with no further cost to the District and no further responsibilities on the part of the Contractor.

2. CONTRACTOR'S OBLIGATIONS

2.1 MANAGEMENT

2.1.1. Terminal Manager

The Contractor shall assign to the District a full-time administrator, who shall be available on site on all days that school is in session. This person shall be stationed at the District's Terminal and shall serve as the Contractor's representative to the District. He or she shall also work closely with the District's Contract Liaison and the appropriate school-site personnel.

2.1.2. Driver Instructor

The Contractor shall assign at least one state-certified School Bus Driver Instructor to this Agreement for every 40 drivers. The Instructor shall be available on site on all days that school is in session except (1) when training the Contractor's employees who currently serve the District as school bus drivers; and (2) when training persons who have applied for employment with the Contractor and who intend to serve the District as school bus drivers. The Driver Instructor(s) shall be stationed at the District's Terminal and may not be the same individual as the Terminal Manager.

The Driver Instructor shall offer, oversee, or arrange for sufficient variety and hours of training to practically permit all drivers serving the District to meet all training requirements described in Section 2.4 of this Agreement. The Driver Instructor shall also offer, oversee, or arrange for sufficient training of all types to enable inexperienced driver applicants to gain certification as school bus drivers in California.

2.1.3. Personnel Coordinator

The Contractor shall assign an individual to have responsibility for managing (1) the recruitment and screening of driver applicants; (2) the maintenance of driver credential records as required by law and by this Agreement; and (3) the administering of driver motivation and disciplinary programs. This person may or may not, at the Contractor's discretion, be the same individual who holds the Driver Instructor position or be the same individual who holds the Terminal Manager position. All three positions may not be held by a single individual, however.

2.1.4. Supporting Staff

The Contractor shall utilize personnel listed below to meet the transportation needs of the District; however, the list is not restrictive. The Contractor may employ as many additional employees as it deems appropriate. At least one mechanic shall be on duty and available for emergency repairs and maintenance during working hours at the District's Terminal.

- Dispatcher
- Clerical personnel
- Vehicle mechanics
- Delegated behind-the-wheel driver trainers (No more than eight such delegated trainers may train under the direction of each state-certified School Bus Driver Instructor. Additionally, each delegated driver trainer must (1) have at least two years' experience driving a bus comparable to, or more difficult to master than, the type he or she will train others to drive; and (2) be identified as a delegated behind-the-wheel driver trainer to the District by the Contractor.)

The dispatcher and vehicle mechanics shall be stationed at the District's Terminal.

2.2. OPERATIONS, ROUTING, AND SCHEDULING

2.2.2.1. SPARE DRIVERS REQUIRED

The Contractor shall employ a number of drivers that is sufficient to ensure that drivers are available to drive buses on all home-to-school routes and on required cocurricular trips. This responsibility of the Contractor shall continue notwithstanding the District's exercise of its authority to approve, reject, and require removal of drivers from the district's service.

The Contractor must employ a number of standby drivers equal to ten percent (10%) of the drivers assigned to regular routes. These standby drivers must report to work each day and must be available to drive a bus in case a regularly assigned driver is absent.

The following supplementary language provides a more clearly defined requirement for the number of drivers required. This requirement is based on historical absence rates.

The sufficient number shall be determined by the District in accordance with the following formula:

> The District shall record the absence rate for each day during the three (3) most recent full calendar months of school session and shall update the rates once each month. The District shall identify the smallest absence rate that is exceeded by the absence rates for 95 percent of days. The sufficient number of regularly assigned and standby drivers who shall be paid to report to work at the District's Terminal each day shall be the sum of the number of District routes plus the number of other trips provided for in Section 2.2.6.2 divided by the above identified rate.

The District will revise the calculated sufficient number of drivers by the fifteenth of each month, and the requirement will become effective on the first day of the following calendar month.

At the Contractor's option, the Contractor may provide the District with information concerning the percentage of absences that are "expected" (e.g., vacation, extended disability, and so forth). The Contractor may arrange for on-call drivers to cover for that portion of absences, rather than the standby drivers who would otherwise be required.

2.2.2.2. DRIVER'S WAGES

The Contractor shall pay employed school bus drivers a basic wage of at least $______ per hour. This minimum shall be adjusted by the same price escalator as described in Section 1.1.3 of the contract.

In some cases districts have experienced unacceptable contractor performance due at least in part to driver turnover and absenteeism attributable to low wages. This provision may be of use to districts which are concerned about the ability of a contractor to attract a sufficient number of qualified bus drivers, given labor market conditions prevailing in the locale. Districts making use of this type provision should recognize that in doing so they may create upward pressure on costs of contractor service.

2.2.4.3. - CHANGES IN ESTABLISHED ROUTES OR STOPS (ALTERNATIVE/SUPPLEMENTARY LANGUAGE)

(1) Deletion of Service

Suspension or deletion of service for a pupil shall be implemented the next working day following receipt of the route change from the District.

(2) Addition of Pupils (New Stops)

The Contractor shall make a good-faith effort to add a pupil to a bus route immediately following receipt of the route change from the District, but in no case shall the pupil be added later than two (2) working days after receipt of the route change.

(3) Addition of Pupils (Established Stops)

When a pupil is added or deleted at an established bus stop, the change shall be implemented immediately.

(4) New Routes (District's Buses)

The Contractor shall make a good-faith effort to immediately implement new routes required because of relocation of a class and/or classes and changes in pupil population after receipt of the revised routes from the District, but in no case shall the new route be implemented later than five (5) working days after receipt of the route revision.

(5) New Routes (Contractor's Buses)

The Contractor shall provide additional equipment if required to implement new routes that result from an increased service requirement within five (5) working days after receipt of a written notification and routes from the School District.

2.2.4.5. PROVISION OF ROUTES AND SCHEDULES

Each school year, the District shall provide the Contractor with routes and stops at least ten (10) working days prior to the first day the pupils are to be transported. The route sheets shall include (1) the order of bus stop pickup or delivery; (2) the school and program to which pupils are assigned; (3) the school arrival and departure times of buses assigned; (4) the size and type of equipment; and (5) an indication of whether or not the pupils require special handling and/or equipment. The Contractor shall implement the established routes.

2.2.4.6. PROVISION OF SUFFICIENT BUSES AND DRIVERS

The Contractor shall provide to the District a sufficient number of drivers to serve the routes and schedules provided by the District according to this Agreement. Similarly, the Contractor must maintain a sufficient number of the District's buses in good repair or bear any additional costs the District incurs in obtaining comparable service. The District shall have authority to determine the actual numbers of drivers and buses to be required and shall do so in accordance with sections 2.2.2.1 and 2.2.4.3 of this Agreement.

2.2.4.7. PRACTICE ROUTES

Before any driver, whether permanent, temporary, or substitute, is permitted to transport the District's pupils, the Contractor shall ensure that the driver has ridden over the entire route at least once in the company of another driver who is familiar with the route and with the stops along the route. This "practice run" may take place as the driver who is familiar with the route actually transports pupils from home to school, or it may take place while no pupils are on board. These practice routes are distinct from dry runs provided for in Section 2.2.4.1, because they are required only of drivers who begin a new route at some time other than the beginning of the academic year.

2.3. SCHOOL BUS DRIVER REQUIREMENTS

2.3.1.2. BACKGROUND CHECKS

The Contractor shall present all new permanent, temporary, or on-call drivers to the District for recording of fingerprint patterns (before the drivers will be permitted to transport the District's pupils). The Contractor shall present all current and future permanent, temporary, and on-call drivers to the District for recording of fingerprint patterns annually on or before their birthday. Fingerprint patterns will be used for criminal background checks.

The District shall use the information obtained from the criminal background checks to determine whether a person employed by the Contractor shall be permitted to service the Agreement, including but not limited to the transportation of the District's pupils.

Education Code sections 44836 and 45123 provide that no person shall be employed or retained in employment by a school district who has been convicted of any sex offense as defined by Section 44010 or controlled substance offense as defined by Section 44011. *Education Code* sections 44838 and 56124 provide that no person shall be employed or retained in employment who has been determined to be a sexual psychopath under the provisions of Article 1 (commencing with Section 6300), Chapter 2, Part 2, Division 6 of the *Welfare and Institutions Code* or similar provision of law of any other state. This policy shall apply to persons servicing the Agreement. No person shall be allowed to service the Agreement who has been convicted of any sex offense as defined by Section 44010 or controlled substance offense as defined by Section 44011 or determined to be a sexual psychopath under the provisions of Article 1 (commencing with Section 6300), Chapter 2, Part 2, Division 6 of the *Welfare and Institutions Code* or similar provision of law of any other state.

The District reserves the right to reject or remove from service of the Agreement any person who the District determines to be unfit for service of the Agreement based on a criminal background check.

2.4. SCHOOL BUS DRIVER TRAINING REQUIREMENTS

2.4.2.1. DISTRICT'S RIGHT TO CONDUCT TRAINING AT CONTRACTOR'S SESSIONS

The District may conduct special training sessions at one or more of the Contractor's regularly scheduled safety meetings or may provide curricular materials so that the Contractor may provide the special training.

2.4.2.2. DISTRICT'S RIGHT TO PRESENT AND REQUIRE ATTENDANCE AT SEPARATE DRIVER TRAINING SESSIONS

The District shall have the right to present additional mandatory driver training sessions on topics of its choosing. Should the District choose to present such training sessions, it will pay drivers at their standard driving wage. Drivers who fail to attend such sessions shall be subject to a suspension of not more than three (3) working days.

2.5. OWNERSHIP OF VEHICLES (Alternative Language — Contractor Ownership)

The Contractor shall provide the required number of regularly assigned and standby school buses, of sizes and types (transit, conventional, Type 2, wheelchair, or _______) that are necessary to serve the District's scheduled routes. All such buses shall be certified by the California Highway Patrol (CHP) and shall meet all applicable regulations and laws relating to pupil transportation in California, including but not limited to provisions of the *California Education Code* and *Vehicle Code*, regulations of the California State Board of Education, and Title 13 of the

California Code of Regulations. The Contractor shall furnish certificates of compliance and copies of CHP inspections certifying that all buses to be used to transport pupils pursuant to this Agreement are in compliance with applicable provisions of the *Vehicle Code* and regulations of the CHP.

2.5.1. Age and Condition of Contractor-Provided Vehicles

All buses provided by the Contractor shall meet applicable federal standards adopted in 1977 and shall be constructed to state and federal standards for body joint strength, rollover protection, window retention, compartmentalization, seat padding, spacing, securement and containment, and fuel system integrity, as established by federal Motor Vehicle Safety Standards 217, 220, 221, and 222 inclusive.

No Type 1 (conventional) bus with more than 250,000 miles or more than 16 years old shall be used to serve the District; and no Type 1 (transit) bus with more than 400,000 miles or more than 25 years old shall be used to serve the District.

Regardless of a vehicle's compliance with the above-described requirements, the District retains the right to refuse to permit the use of a specific individual vehicle for transporting the District's pupils pursuant to this Agreement. The District expects to exercise this right only in instances where a vehicle meeting the above-described requirements is nevertheless in poor mechanical condition or has a poor appearance.

The District may, at its discretion, exempt a limited number of buses provided by the Contractor from the requirements of this section. Such exemption shall be requested by the Contractor in writing and shall be approved or disapproved by the District, based on the condition and number of the buses for which the exemption is being submitted. The Contractor's request for exemption shall contain justification for approval by the District of the request.

2.5.2. Number of Buses Required to Be Provided

The Contractor must provide enough buses to serve the District's total number of regularly scheduled routes, plus an additional number of standby buses equal to 10 percent of that total number of regularly scheduled routes. Standby buses must be provided, by type (transit, conventional, Type 2, wheelchair, or other), in proportion to those required to serve the District's routes.

Alternative: Because of the significant cost of keeping spare or standby buses, an LEA may choose a spare factor other than 10 percent, especially if a Contractor provides new buses.

Pro: A lower spare factor offers significant capital savings.

Con: A lower spare factor could leave the District with too few buses to meet its needs if several buses break down at the same time.

Alternative: An LEA may choose to hold a Contractor who maintains the buses responsible for shortages below the spare factor. Regardless of whether the LEA or Contractor bears the risk, the LEA will bear a cost if the spare factor is too low or too high. (See suggested language below.)

If at any time the required number of regular and standby buses is not sufficient to serve the District's transportation needs because buses are out of service for preventive maintenance, repairs, or other reasons, the Contractor shall be responsible for providing additional buses to meet the District's transportation needs at no additional cost to the District.

2.6. MAINTENANCE

2.6.4. Prioritization of Inspections and Repairs

2.6.4.1. LISTING PREVENTIVE MAINTENANCE TO BE DONE

The Contractor shall develop a method of recording on or before every Thursday (in advance of weeks in which service will be provided) a list of the preventive maintenance, brake and transmission inspections, and tuneups that must be completed during the two-week period that begins the following Sunday. If a bus reaches the maximum number of miles or of calendar days legally permitted between preventive maintenance inspections, it shall be removed from service until the inspection is completed and until the bus is judged fit for service in accordance with the standards outlined in Section 2.6.2.

2.6.4.2. LISTING REPAIRS TO BE DONE

On or before every Thursday, the Contractor shall develop a revised master list of repairs needing to be made to all buses used for transporting the District's pupils. When any repair on the list is completed, it should be initialed by the mechanic making the repair and crossed off the list. The list of needed repairs shall include defects that are noted by any of the following sources:

- Drivers
- Law enforcement officials
- Representatives of the Department of Education
- Contractor management and support staff, especially but not exclusively during preventive maintenance inspections
- Representatives of the District
- Repairs from the previous master list that have not been made
- Buses that have reached or exceeded the maximum number of miles or number of calendar days between preventive maintenance intervals (the preventive maintenance inspection due to be performed shall be considered a defect in need of repair)

2.6.4.3. PRIORITIZATION OF WORK

As a list of repairs is developed and repairs are scheduled and made, the Contractor shall adhere to the following principles:

(1) First Priority

Buses of types for which there are the fewest spares available and that are unfit for service shall have first priority for repair. (For example, if no spare wheelchair bus is available and two spare transit-type buses are available, then a wheelchair bus that is unfit for service shall be repaired before any transit bus that is unfit for service.)

(2) Second Priority

Buses that can be repaired most quickly and that are unfit for service shall have second priority for repair.

(3) Repairs Not Requiring Removal from Service

Buses that need repairs but are not unfit for service shall remain in service and shall be repaired at the convenience of the dispatcher, so as to minimize the disruption to service. Generally, the first and second priorities noted above should apply to buses that need repair but that are not unfit for service as well.

2.7. FACILITIES, EQUIPMENT, AND SUPPLIES

2.7.1. Contractor-Provided Terminal and Maintenance Facilities (Alternative Language)

2.7.1.1. TERMINAL FACILITY

The Contractor must provide a site and indoor space for a drivers' lounge, telephone, and offices for on-site Contractor terminal management as well as administrative and support staff. This facility must be at or near the parking and maintenance facility so that the Contractor's employees may be aware of the operational aspects of the work at all times.

2.7.1.2. MAINTENANCE FACILITY, EQUIPMENT, AND TOOLS

The Contractor shall provide a maintenance and repair facility that is equipped and staffed appropriately to perform preventive maintenance and repairs on vehicles serving the District.

Alternative: LEA may choose to make specific requirements for the characteristics and equipment in the maintenance facility.

Pro: The LEA can ensure that the Contractor will be capable of maintaining buses properly and quickly.

Con: Inflexible specifications may preclude or discourage some potential bidders, thereby reducing competition among bidders for the contract.

Sample specific requirements include repair bays (one for every 25 buses); hydraulic lifts capable of raising the largest size of bus serving the District (one for every two bays); engine hoist; engine rebuilding stand; transmission jacks; lathe grinder; presses; welder; and an air compressor.

The above are only examples of potentially required facilities and equipment. As an alternative, an LEA may allow the Contractor to subcontract out for maintenance work that would require use of such equipment.

2.7.1.3. BUS PARKING

The Contractor must provide and maintain a secure (fenced and lockable) space for the parking of all buses serving the District's pupils; sufficient space must be provided to allow for the easy maneuvering of buses in and out of parking spaces.

2.7.2.1 RADIO EQUIPMENT OWNED BY DISTRICT (Alternative Language)

The Contractor is responsible for the care and safekeeping of radio equipment furnished by the District and shall pay all costs of replacement and/or repair in the event of theft or damage caused by negligence of the Contractor. The Contractor shall verify the radio inventory provided by the District twice each year and shall return the inventory to the District on or before the date specified by the District.

When this Agreement is terminated, all radios provided to the Contractor by the District shall be returned to the District in their original condition, less normal wear and tear. The Contractor is responsible for paying all costs of removal of said radios.

2.7.4. Purchase of Fuel (Supplementary Term)

The District will calculate periodically the average number of miles per gallon being achieved by the buses serving its pupils. If the Contractor's fuel usage exceeds that calculated as an average by more than three percent (3%) during any month, the Contractor will be charged for the excess use of fuel.

2.8. CONTRACTOR'S RECORDS AND REPORTING REQUIREMENTS

2.8.1. Records to Be Maintained by the Contractor

2.8.1.3. FLEET RECORDS (SUPPLEMENTARY TERMS)

- The initiation and completion dates of every preventive maintenance inspection performed plus the vehicle's mileage at the time of the inspection (If, upon initiation of the inspection, or at any time during the inspection, either the legal maximum number of miles or days since completion of the last inspection is exceeded, the vehicle must be removed from service. The inspection may be regarded as complete only when all items required to be inspected by Title 13, Section 1232, of the *California Code of Regulations* have been inspected and have been either found to be in acceptable condition or have been repaired so that they are in acceptable condition.).

- The Contractor's response to or repair of each defect noted on (1) the driver's defect reports; (2) the defects identified during preventive maintenance or other vehicle inspections; (3) the defects identified by the District; and (4) the defects identified by the CHP motor carrier officer.

2.8.2. Reports to Be Submitted Regularly to the District by the Contractor (Supplementary Terms)

- If a Contractor-owned vehicle is newly assigned to serve the District, the Contractor shall make a verbal report of the date at which the vehicle is expected to begin service, so that the District may inspect the vehicle beforehand.

- If the Contractor will maintain or subcontract for maintenance or repair of District-owned vehicles at a site other than the District's Terminal, the Contractor shall notify the District in advance of the vehicle number, the nature of the maintenance or repair work to be done, and the location, name, address, phone number, and contact person at the repair facility.

APPENDIX E

WORK SHEET 3.1: COST ALLOCATION WORK SHEET

This Cost Allocation Work Sheet is intended to be used as part of the *Pupil Transportation Guide*. It relies specifically on chapters 2 and 3 of the guide, which describe the cost categories and the methods for cost allocation. The following suggestions may help improve the accuracy of the work sheet:

1. Review descriptions and source suggestions in Chapter 2 for each cost category before completing this work sheet.

2. Enter cost data in the gray-shaded area for each cost category, if possible. Only if those cost data are not available should data be entered in another part of the row first.

3. Make sure that all data cover a consistent time period (year, month, and so forth). Ideally, the data should include costs for a full year.

4. Do not enter the same cost on more than one part of the work sheet. For example, do not enter operator's wages for hours worked in both category 1 and category 9. If wages for hours worked cannot be separated from vacation/sick leave/standby time, then enter the cost in 9, and not in 1.

5. In cost categories (rows marked by a thick, gray-shaded line) there may be more than one horizontal line for costs. If so, the topmost line requires the most specific data, while less specific data can be used to complete the lower line. It is only necessary to complete one line in each row, but try to complete the line nearest to the top of each row, if possible.

Cost Categories (Rows)

1 - 8:	Direct Costs, by Route
9 - 15:	Direct Costs to the Pupil Transportation Department (Variable)
16 - 31:	Pupil Transportation Department Overhead Costs (Fixed)

Columns (Left to Right)

- Cost Category
- LEA-Wide Costs (All LEA departments)
- Pupil Transportation Department Costs
- Regular Home-to-School Transportation Service Costs
- Special Education Transportation Service Costs
- Extracurricular Transportation Service Costs
- Desegregation Transportation Service Costs